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BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
INBOUND COMPETITIVE MULTI-SERVICE AGREEMENTS WITH
FOREIGN POSTAL OPERATORS
INTERCONNECT REMUNERATION AGREEMENT – UNITED STATES
POSTAL SERVICE AND SPECIFIED POSTAL OPERATORS II
(MC2010-34)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2022-34

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING FUNCTIONALLY EQUIVALENT INBOUND COMPETITIVE MULTI-SERVICE AGREEMENT WITH FOREIGN POSTAL OPERATORS

(December 8, 2021)

In accordance with 39 C.F.R. § 3035.105 and Order No. 546,¹ the United States Postal Service (Postal Service or USPS) hereby gives notice to the Postal Regulatory Commission (Commission or PRC) that the Postal Service entered into an Inbound Competitive Multi-Service Agreement with Foreign Postal Operators (FPOs).² Pursuant to 39 C.F.R. § 3035.105(a), a change in rates not of general applicability must be filed at least 15 days prior to their effective date; in this case, the rates will take effect on January 1, 2022, if favorably reviewed by the Commission. This notice concerns the inbound portions of the competitive multi-product "Interconnect Remuneration Agreement USPS and Specified Postal Operators II" (referred to as the "IRA-USPS II Agreement") that the Postal Service seeks to include within the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 (MC2010-34) product.

Prices and classifications for competitive products not of general applicability for

¹ PRC Order No. 546, Order Adding Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 to the Competitive Product List and Approving Included Agreement, Docket Nos. MC2010-34 and CP2010-95, September 29, 2010.

² The Postal Service considers the identities of the counterparty FPOs to be sensitive commercial information and, therefore, does not disclose this information in this Notice.

Inbound Competitive Multi-Service Agreements with Foreign Postal Operators were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-published Competitive Rates (Governors' Decision No. 19-1), issued on February 7, 2019. This Decision authorized rates for, among other things, "Inbound International Competitive Agreements" that "consist of negotiated service agreements with foreign postal operators ... that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2)."

In Order No. 546, the Commission determined that the bilateral agreement presented by the Postal Service in Docket No. CP2010-95 (hereinafter "CP2010-95 Agreement") should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 product.³ In this Order, the Commission also acknowledged that the Postal Service proposed "that additional agreements functionally equivalent to the [CP2010-95] Agreement be added to the competitive product list as price categories under the Competitive Multi-Service Agreements product." Moreover, in Order No. 840, the Commission accepted the Postal Service's designation of the CP2010-95 Agreement "as the baseline agreement for functional equivalency analyses of the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 product."⁵

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³ PRC Order No. 546, at 8-10.

⁴ PRC Order No. 546, at 4.

⁵ PRC Order No. 840, Order Concerning an Additional Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2011-69, September 7, 2011, at 5.

The IRA-USPS II Agreement is functionally equivalent to the baseline agreement filed in Docket No. MC2010-34 because the terms of this agreement are similar in scope and purpose to the terms of the CP2010-95 Agreement. Although there are variations between these two agreements, the agreements share many terms and clauses in common. Importantly, in Order No. 5559 the Commission favorably reviewed the "Interconnect Remuneration Agreement USPS and Specified Postal Operators" (referred to as the "IRA-USPS Agreement"), which was then included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 product. The IRA-USPS II Agreement is, in essence, an updated version of the IRA-USPS Agreement. Thus, IRA-USPS II Agreement should be accorded similar treatment to the IRA-USPS Agreement and should be included within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

In addition, the Commission is familiar with the negotiation cycle and regulatory process associated with this type of multilateral agreement given that many bilateral and multilateral agreements, including those under the PRIME umbrella, are included in this product grouping. For instance, in Order Nos. 1088, 1934, 2963, 4309, 5560, and 5563 the Commission determined that bilateral and multilateral agreements made with foreign postal operators should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.⁷ Similarly, in Order

December 30, 2013, at 6; PRC Order No. 2963, Order Approving Additional Inbound Competitive Multi-

⁶ PRC Order No. 5559, Order Adding Agreement to the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Product, Docket No. CP2020-141, June 19, 2020, at 10.

⁷ PRC Order No. 1088, Order Adding an Additional Bilateral Agreement to Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Product, Docket No. CP2012-4, December 30, 2011, at 7; PRC Order No. 1934, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2014-13,

No. 5437, the Commission approved the Postal Service's request to transfer five negotiated service agreements (NSAs) from the Market Dominant product list of the Mail Classification Schedule (MCS) to the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product in the Competitive product list.⁸ These agreements consist of: Inbound Market Dominant Exprès Service Agreement 1, Inbound Market Dominant Registered Service Agreement 1, Inbound Market Dominant PRIME Tracked Service Agreement, and two bilateral agreements with foreign postal operators.⁹

Notably, in this Order, the Commission cited to its previous determination in Order No. 4980 to conditionally transfer letter post small packets and bulky letters to the Competitive product list, and found that the five NSAs concern these same products or services, including tracking, delivery scanning, and registered service, related to these products. The Commission concluded that the transfer of these NSAs to the competitive product list is consistent with the statutory product classification definitions under 39 U.S.C. § 3642(b)(1). This further buttresses the Postal Service's request to also include the IRA-USPS Agreement within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

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Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2016-57, December 30, 2015, at 7; PRC Order No. 4309, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2018-96, December 28, 2017, at 7; PRC Order No. 5560, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2020-167, June 22, 2020, at 7; PRC Order No. 5563, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, Docket No. CP2020-169, June 25, 2020

⁸ PRC Order No. 5437, Order Approving Transfer of Market Dominant Negotiated Service Agreements to the Competitive Product List, Docket No. MC2020-73, February 19, 2020, at 10-11.

⁹ Id.

¹⁰ *Id.* at 5-6; PRC Order No. 4980, Order Conditionally Approving Transfer, Docket No. MC2019-17, January 9, 2019, at 23.

¹¹ PRC Order No. 5437, at 5.

Concurrent with this Notice, the Postal Service will file rates and supporting documents separately under seal with the Commission. The Postal Service requests that these rates and supporting documents remain confidential and includes an Application for Non-Public Treatment as Attachment 1 to this Notice. Additionally, the Postal Service attaches the following to this Notice: (1) Attachment 2 – a copy of the IRA-USPS II Agreement; (2) Attachment 3 – a ZIP file with FPO-specific information related to FPOs that are parties to the IRA-USPS II Agreement; (3) Attachment 4 – a copy of Governors' Decision No. 19-1; (4) Attachment 5 – a certified statement concerning the IRA-USPS II Agreement that is required by 39 C.F.R. § 3035.105(c)(2); and (5) the supporting financial documentation as separate Excel files. Redacted copies, where appropriate, of these documents are filed publicly, while unredacted versions are filed under seal for the Commission's review.

Identification of the Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators

The Postal Service submits that, like the agreements between the Postal Service and other postal operator counterparties, the IRA-USPS II Agreement fits within the current version of the MCS.¹²

The IRA-USPS II Agreement is intended to become effective on January 1, 2022 and would continue indefinitely. The counterparties to this agreement are FPOs that exchange mail with the Postal Service and apply the Universal Postal Convention and Universal Postal Convention Regulations to those exchanges, except as otherwise

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¹² See PRC, PRC, (Draft) Mail Classification Schedule, posted October 3, 2021, 2515.10 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, at 561-562, available at http://www.prc.gov/mail-classification-schedule.

agreed by contract.¹³ Additional FPOs may also accede to the IRA-USPS II

Agreement.¹⁴ The Postal Service will update this docket should additional FPOs accede to this agreement.

The competitive services offered by the Postal Service to the counterparty FPOs in the IRA-USPS II Agreement include rates for inbound parcels and packets.

Beginning with rates that will be in effect in 2022, any party to the IRA-USPS II

Agreement may modify its delivery rates by communicating the new rates to the

International Post Corporation by the 1st of July of the year preceding its application.

Parties to the IRA-USPS II Agreement may generally self-declare rates within defined parameters.

Many rates will be based on a per-piece and per-kilo structure and in Special Drawing Rights (SDRs).

For certain products, rates will be zoned.

Additionally, one of the key aims of the IRA-USPS II Agreement is to enable and incentivize the parties to provide optimal services in the interest of their customers. For this reason, there are strong contractual quality of service incentives for services under the IRA-USPS II Agreement.

Agreement.

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In this docket, the Postal Service presents only the inbound portions of the IRA-USPS II Agreement, which concern competitive products. The rates paid by the Postal

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¹³ Attachment 2, at p. 1.

¹⁴ Attachment 2, at Article 11 and Annex 7 (pp. 4 and 124).

¹⁵ The inbound competitive rates that are the subject of this filing include the inbound rates appearing in Annex 2 – Appendix 1 of the IRA-USPS Agreement (as shown in Attachments 2 and 3 to this Notice). See, e.g., Attachment 2, at Annex 2 – Appendix 1 (pp. 24-25). The IRA-USPS Agreement establishes the terms for the remuneration for certain types of parcels pursuant to the Interconnect Operations Framework Agreement. See Postal Service Filing of Interconnect Operations Framework Agreement, Pursuant to 39 U.S.C. § 407(d)(2), December 7, 2015.

¹⁶ Attachment 2, at Annex 2 (pp. 21-23).

¹⁷ *Id*

¹⁸ Attachment 2, at Annex 2 – Appendix 1 (pp. 24-25).

¹⁹ Id.

²⁰ Attachment 2, at Annex 3 (pp. 51-54).

Service to each FPO under the IRA-USPS II Agreement for outbound delivery of competitive postal products within each FPO's country were not presented previously to the Commission and are not presented here. Those rates represent supplier costs to the Postal Service, which are built into the prices that the Postal Service charges its shipping customers for outbound competitive products to be dispatched to, and delivered in, each FPO's country. An agreement concerning outbound competitive services with the FPOs would no more need to be classified as a product or otherwise subjected to prior Commission review than would an agreement by the Postal Service to purchase trucking services from highway contractors or to purchase air transportation from air carriers.

Application for Non-public Treatment

The Postal Service maintains that the redacted portions of certain materials filed in this matter should remain confidential. Attachment 1 to this Notice is the Postal Service's application for non-public treatment of materials filed under seal in this docket. A full discussion of the required elements of the application appears in Attachment 1.

Functional Equivalency of Inbound Competitive Multi-Service Agreements with Foreign Postal Operators

The inbound portions of the IRA-USPS II Agreement are materially similar to the inbound competitive portions of the baseline CP2010-95 Agreement with respect to products and cost characteristics. Similar to the CP2010-95 Agreement, the IRA-USPS II Agreement fits within the parameters outlined in section 2515.10 of the MCS.²¹ There are, however, differences between the inbound portions of the IRA-USPS II Agreement

²¹ PRC, (Draft) Mail Classification Schedule, posted October 3, 2021, 2515.10 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, at 561-562, available at http://www.prc.gov/mail-classification-schedule.

and the inbound competitive portions of the CP2010-95 Agreement, which include the following:²²

- The IRA-USPS II Agreement is among the Postal Service and a number of different FPOs, while the CP2010-95 Agreement is between the Postal Service and one FPO.
- The following articles and annexes in the IRA-USPS II Agreement resemble the articles with similar titles and meanings that appear in the CP2010-95 Agreement: Purpose of the Agreement (Article 2), Limitation on Liability (Article 6 and Annexes 5 and 9), Conditions Precedent (Annex 9), Term (Article 12.2), Termination (Article 12.3), Temporary Suspension of Service (Article 12.4), Confidentiality (Article 13 and Annex 9), Entire Agreement (Article 14), Assignment (Article 16), Severability (Article 17), Dispute Resolution Process (Article 18), Amendments to this Agreement (Article 19), Governing Law (Article 20), Legal Status of the Agreement (Article 23), Language (Article 24), and Force Majeure (Article 25).²³
- The IRA-USPS II Agreement has these additional articles: Definitions
 (Article 1), Remuneration (Article 3), Quality of Service and Data
 Incentives (Article 4), Customs Clearance and Specific Conditions for
 Imports into the U.S. (Article 5), Bilateral and Multilateral Agreements

²² This comparison focuses on the differences between the sections of the IRA-USPS Agreement that concern inbound rates and the sections of the TNT Post Agreement that concern inbound competitive rates. The TNT Post Agreement included both inbound competitive and inbound market dominant portions, but the inbound portions of the IRA-USPS Agreement are only competitive. See PRC Order No. 549, Order Adding Inbound Market Dominant Multi-Service Agreements With Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreements, Docket No. R2010-5, September 30, 2010.

²³ The articles and annexes noted in parentheses are references to the IRA-USPS Agreement. See Attachment 2 to this Notice.

- (Article 7), Contracts with Customers (Article 8), Steering Committee (Article 9), Cost Sharing (Article 10), Accession (Article 11), Headings (Article 15), Assignment Successors (Article 16), Applicability of Certain Universal Postal Union Circulars (Article 21), Relationship of Other Agreements between the Parties (Article 22), and Survival (Article 26).
- Like the rates listed in Attachment 1 of the CP2010-95 Agreement, the
 inbound rates and the explanatory terms included in the IRA-USPS II
 Agreement are listed in Appendix 1 of Annex 2 and concern pricing for
 various inbound competitive products, including inbound parcels and
 packets.
- Furthermore, additional annexes, which provide greater specificity about the terms of the IRA-USPS II Agreement, are: Definitions (Annex 1), Remuneration for Interconnect Items (Annex 2), Quality of Service and Data Incentives (Annex 3), Customs Clearance and Specific Condition for Imports into the U.S. (Annex 4), Liability and Indemnification (Annex 5); Settlement and Accounting (Annex 6), Deed of Accession to the Interconnect Remuneration Agreement USPS and Specified Postal Operators (Annex 7), Steering Committee Procedures (Annex 8), and Conditions Precedent and Confidentiality (Annex 9).

Because the IRA-USPS II Agreement and the CP2010-95 Agreement incorporate the same cost attributes and methodology, the relevant cost and market characteristics are similar. The Postal Service does not consider that the specified differences affect either the fundamental services that the Postal Service is offering or the fundamental

structure of the agreements. Therefore, nothing detracts from the conclusion that these agreements are "functionally equivalent in all pertinent respects."²⁴

Conclusion

For the reasons discussed, and as demonstrated by the financial data filed under seal, the Postal Service has established that the IRA-USPS II Agreement is in compliance with the requirements of 39 U.S.C. § 3633 and is functionally equivalent to the inbound competitive portions of the CP2010-95 Agreement, which was included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product. Accordingly, the IRA-USPS II Agreement should be added to the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

Respectfully submitted,

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²⁴ PRC Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket No. CP2008-8, June 27, 2008, at 8.

ATTACHMENT 1

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. Part 3011, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Postal Regulatory Commission (Commission). The materials pertain to the inbound competitive portions of the multi-product "Interconnect Remuneration Agreement USPS and Specified Postal Operators II" (referred to as the "IRA-USPS II Agreement") between the Postal Service and certain Foreign Postal Operators (FPOs). The IRA-USPS II Agreement and supporting documents are being filed separately under seal for the Commission's review. Redacted copies, where appropriate, of these documents are filed publicly.

The Postal Service hereby furnishes below the justification for this application as required by 39 C.F.R. § 3011.201(b).

(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.

The materials designated as non-public consist of information of a commercial nature, including Postal Service and third-party business information that under good business practice would not be disclosed to the public. Based on its longstanding and deep familiarity with the postal and communications businesses and markets generally, and its knowledge of many firms, including competitors, mailers, and suppliers, the Postal Service does not believe that any commercial enterprise would voluntarily publish information pertaining to the costs, volumes, revenues, rates, and markets for its competitive products. Rather, this information would be exempt from mandatory

disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).¹

Because the portions of materials that the Postal Service is filing non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.²

The Postal Service has a proprietary interest in the information contained within the non-public materials. The Postal Service believes that the only third parties that have a proprietary interest in the materials submitted in this matter are the FPOs that are currently parties to the IRA-USPS II Agreement and those FPOs that may accede to

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. See 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1 (Mar. 20, 2009), at 11.

² Section 3011.201(b)(2) further states the following:

⁽i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.

⁽ii) If any person other than the submitter has proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person

⁽iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

the agreement in the future. Since the identity of these affected FPOs is commercially sensitive information and the language and cultural barriers may make it difficult for those seeking access to non-public information to provide proper notice to the applicable third parties, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant FPOs. The Postal Service identifies as an appropriate contact person Robert Raines, Managing Director, Global Business. Mr. Raines' phone number is (202) 268-2978, and his email address is robert.h.rainesjr@usps.gov.

The Postal Service also hereby provides notice that it has already informed the FPOs that are parties to the IRA-USPS II Agreement, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and their right to address their confidentiality concerns directly with the Commission. Through language in the agreement, the Postal Service will also inform other FPOs that may accede to this agreement, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and their right to address their confidentiality concerns directly with the Commission. Additionally, Annex 9 of the IRA-USPS II Agreement provides each party to the agreement with notice of the Postal Service's intent to file the agreement with the Commission and the Postal Service's intent to seek non-public treatment of the information related to the agreement that the Postal Service determines may be withheld from public disclosure. This Annex provides each party to the agreement with information about how to submit any confidentiality concerns directly to the Commission.

Moreover, the Postal Service, in conjunction with the United States Department of State, requested that the Universal Postal Union (UPU) International Bureau (IB) issue a Circular notice to all countries and designated operators informing each of its rights under 39 C.F.R. § 3011.204. This notification was published by the IB in Circular No. 178 on November 8, 2021. Specifically, the notice informs all countries and designated operators that the Postal Service will be regularly submitting certain business information to the Commission. UPU-designated FPOs have a proprietary interest in information relating to their particular flows. The circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact information for all UPU Designated Operators is available at the following link, which is incorporated by reference into this application: http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN.

(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.

In connection with the Notice filed in this docket, the Postal Service included redacted copies of the IRA-USPS II Agreement (Attachment 2), signature pages, Deeds of Accession, and related Link-specific information for FPOs that are currently parties to the IRA-USPS II Agreement (Attachment 3), Governors' Decision No. 19-1 (Attachment 4), and supporting financial documentation files that the Postal Service used to generate specific rates for FPOs. These materials were filed under seal, with redacted copies filed publicly where appropriate. The Postal Service maintains that the redacted portions of these materials should remain confidential as sensitive business information.

With regard to the redacted version of the IRA-USPS II Agreement that was filed in this docket and the related documents in Attachment 3, the redactions withhold, among other things, the actual prices being offered between the Postal Service and the other FPOs, as well as business rules for operation and settlement, FPOs' identities, the particulars of financial performance incentives and assignments of liability, certain thresholds for eligibility for discounted services, customer service, Advance Electronic Data requirements, and the specific products that the parties have agreed to make the focus of their collaborative development for their respective markets.

The Postal Service also redacted content on page two of Governors' Decision No. 19-1 and made redactions throughout the financial workpapers. These redactions protect sensitive commercial information concerning the incentive discounts, underlying costs and assumptions, negotiated pricing, applicable cost-coverage, and the non-published rates themselves. In addition, the redactions to the financial workpapers protect sensitive commercial information, including disaggregated revenue, cost, and volume information which is country-specific. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each harm alleged to result from disclosure.

If the information the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practice. In this regard, the Postal Service is not aware

of any business with which it competes (or in any other commercial enterprise), either within industries engaged in the carriage and delivery of materials and hard copy messages, or those engaged in communications generally, that would disclose publicly information and data of comparable nature and detail.

If the portions of the attachments that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. FPOs that are not parties to the IRA-USPS II Agreement could use the information to their advantage in negotiating the terms of their own future agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to the FPOs that are currently parties to the IRA-USPS II Agreement for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. If the areas in which the FPOs that are parties to the IRA-USPS II Agreement and the Postal Service intend to collaboratively develop new products and services were to be disclosed publicly, their competitors could use this information to preemptively enter the market in those areas. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

Governors' Decision No. 19-1 and the financial models contain sensitive commercial information including the Postal Service's desired cost coverage for the IRA-USPS II Agreement, specific rate information as well as disaggregated, country-specific revenue, cost, and volume information which are highly confidential in the business world. All of this information is highly confidential in the business world. If this

information were to be made public, the Postal Service's competitors would have the advantage of knowing the range of prices agreed to between the Postal Service and the FPOs that are signatories to the IRA-USPS II Agreement, as well as the contribution margin used to establish the prices. Other FPOs interested in acceding to the IRA-USPS II Agreement could take advantage of this information when developing the specific rates to be applied to their circumstances. These FPOs could instead attempt to enter into separate bilateral agreements with the Postal Service and could demand the absolute floor during negotiations, when it would otherwise be possible in some cases for the Postal Service to charge a higher, but still competitive, rate.

Additionally, competitors would be able to take advantage of this information to offer lower pricing to their customers, while subsidizing any losses with profits from other customers. Eventually, this could impact the Postal Service's volume and revenue in the inbound competitive markets for the products and services included in the IRA-USPS II Agreement. Especially since the financial models are filed in their native format, the Postal Service believes that there is a great likelihood that the information would be used to the detriment of the Postal Service.

Moreover, the Postal Service's potential customers could also deduce from the rates provided in the IRA-USPS II Agreement, Attachment 3, or from the information in the financial workpapers whether additional margin for net contribution exists under the prices in the IRA-USPS II Agreement. The settlement charges between the Postal Service and the FPOs that are parties to the IRA-USPS II Agreement constitute costs underlying the postal services offered to each FPO's customers, and disclosure of this cost basis would negatively impact the Postal Service's negotiations with contract

customers by allowing these customers to negotiate, rightly or wrongly, on the basis of the Postal Service's perceived supplier costs. From this information, each FPO or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the FPOs that are parties to the IRA-USPS II Agreement could use the information in the financial workpapers in an attempt to renegotiate the rates in this instrument in the future when they have an opportunity to change its rates in accordance with the terms of the IRA-USPS II Agreement, or by threatening to terminate the IRA-USPS II Agreement.

Price information in the IRA-USPS II Agreement, Attachment 3, and financial spreadsheets also includes the FPOs' sensitive commercial information. Disclosure of such information could be used by each FPO's competitors to assess the FPO's underlying costs, and thereby develop a benchmark for the development of a competitive alternative. The FPOs would also be exposed to the same risks as the Postal Service in customer negotiations based on the revelation of their supplier costs.

(5) At least one specific hypothetical, illustrative example of each alleged harm.

The following restates the harms discussed above and presents at least one hypothetical situation illustrating the consequences of disclosure.

Harm: Public disclosure of rates or other information in the redacted attachments and financial workpapers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website. It analyzes the data to determine what the Postal Service would have to charge FPOs in

order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products to match the Postal Service's rates under the IRA-USPS II Agreement or markets its ability to guarantee to beat the Postal Service on price for the products covered by the IRA-USPS II Agreement. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the market for these particular products.

Hypothetical: A FPO obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website and uses the rate information to demand the lowest possible rate for every product from the Postal Service knowing that the Postal Service's approved rates include those floor amounts. Using the rate information, the FPO could threaten that it would not use the Postal Service for its inbound international delivery service needs if it did not receive the lowest possible rates. This would severely affect the Postal Service's ability to offer competitive but profitable rates to FPOs within the minimum and maximum rates established by the Governors.

Hypothetical: Cost, contribution, and/or cost coverage information is released to the public and becomes available to a competitor. The competitor, which could be a FPO operating in the United States, assesses the profitability of certain services based on the data released. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service has substantial

contribution, thereby hindering the Postal Service's ability to keep these customers' business.

Hypothetical: Cost, contribution, and/or cost coverage information is released to the public and becomes available to a supplier of materials, transportation, or other services. Suppliers are made aware of expected contribution margins by product and are better able to assess the relative strengths and weaknesses of the Postal Service's product lines. With this information, suppliers, including FPOs in the case of international products, decide to increase the rates they charge the Postal Service to provide transportation and/or other services or become more resistant to negotiating favorable prices for their goods and services.

Harm: Public disclosure of the information redacted from the IRA-USPS II Agreement and Attachment 3 would provide competitors commercial advantages at the Postal Service's expense.

Hypothetical: A competitor is able to review certain clauses and sections in the IRA-USPS II Agreement and Attachment 3 that concern such sensitive commercial information as settlement rates, business rules for operation and settlement, customer service, incentive structures or Advance Electronic Data requirements. The competitor could take this information and use it to differentiate its own product from the Postal Service's product when it sells to potential customers, including FPOs, and could convince those customers that the competitor's product is better.

Harm: Public disclosure of identifying information concerning a FPO that is a party to the IRA-USPS II Agreement would give competitors a marketing advantage.

Hypothetical: A competitor is able to identify one or more FPOs that are offered rates under the IRA-USPS II Agreement from information provided on the PRC's website. The competitor uses this information to contact the FPO directly and attempt to undersell the Postal Service and obtain new business. The competitor could also use information included in the financial workpapers to "qualify" potential customers that are FPOs, choosing to focus marketing efforts only on those FPOs that have a mailing profile that is attractive to the competitor, based on its business operations. In addition, considering that the Commission has now released the Postal Service's UPU default rates into the public domain for certain flows, competitors would be able to assess which markets would be best suited for further targeted product initiatives and be armed with knowledge that the rates charged counterparty FPOs in those markets would differ from those that the Commission publicly released. This would undermine the Postal Service's efforts to develop products and maintain its share in key markets.

Harm: FPOs could use the information in the financials to undermine the Postal Service's position in negotiations concerning bilateral remuneration.

Hypothetical: Disaggregated revenues, volumes, and weights are disclosed to the public. FPOs obtain the information and use it to their advantage in negotiating bilateral or multilateral remuneration with the Postal Service. The disequilibrium in negotiating positions would be caused by the fact that the Postal Service's rates would be known in advance, thereby depriving the Postal Service of the ability to engage in simultaneous exchange of rates in bilateral or multilateral negotiations.

Harm: Public disclosure of information regarding the competitive domestic and international products would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the non-public materials exposing rates, revenues, volumes, and weights from the Commission's website. It analyzes the data to determine what products and rates to offer in the competitive domestic and international markets in competition with the Postal Service, using data that would not ordinarily be available to competitors.

Customers and potential customers could also use the data to negotiate better terms for themselves in contracts with the Postal Service or its competitors.

Harm: Public disclosure of rates or other information in the financial workpapers would be used by competitors of a FPO that is parties to the IRA-USPS II Agreement to the FPO's detriment, and to the Postal Service's detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Commission's website. The competitor analyzes the workpapers to assess a FPO's underlying costs and volumes for the corresponding products. The competitor uses that information to assess the market potential and negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives. In addition, disclosure of the rate information relating to U.S. origin flows would disclose the underlying costs of the Postal Service's outbound products, which in turn would significantly harm its ability to price freely in these marketplaces.

Harm: Public disclosure of information in the Governors' Decision No. 19-1, including the Governors' internal deliberative bases for setting competitive prices, would be used by competitors to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the Governors' Decision from the Postal Regulatory Commission's website,

revealing the Postal Service's internal deliberative bases for setting certain specific prices for competitively classified products, as well as the pricing formulas and cost directives of the accompanying Management Analysis that supports the Decision. Moreover, if the Commission were to compel such disclosure, it might also compel disclosure of other unredacted Governors' Decisions, past and future. The internal deliberative pricing processes that the Postal Service uses to establish its prices for competitive products can, and does, vary at different times and for different competitive products. That, in turn, harms the Postal Service commercially, and unfairly, as it does not have access to its competitors' similar information.

(6) The extent of protection from public disclosure deemed to be necessary.

The Postal Service maintains that the portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products (including both private sector integrators and FPOs), as well as their consultants and attorneys. Additionally, the Postal Service believes that FPOs, as well as actual or potential customers of a postal operator for these or similar products should not be provided access to the non-public materials.

(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with customers and FPOs continue well beyond ten years, the Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

(8) Any other factors or reasons relevant to support the application.

Negotiated rates for the delivery of competitive inbound mail are not normally available publicly. Rather, they are considered by postal operators to be commercially sensitive.

Conclusion

For the reasons discussed, the Postal Service respectfully requests that the Commission grant its application for non-public treatment of the identified materials.

Interconnect Remuneration Agreement USPS and Specified Postal Operators II (IRA-USPS II)

made this 18th of October 2021 by and among the parties listed hereafter

United States Postal Service	United States of America	
		("USPS")
	and	
and other Designated Operators		
	(collectively	the "Other Parties")
	(USPS and the Other Parties collec	tively the "Parties")

WHEREAS, the Parties are Designated Operators within the meaning of the Universal Postal Convention (the "UPU Convention") or are performing tasks of a Designated Operator within their group ("Designated Operators"), and

WHEREAS, the Parties are party to the Interconnect Operations Framework Agreement ("IOFA"), and

WHEREAS, the Interconnect Operations Framework Agreement establishes only an obligation to deliver inbound Interconnect Items in cases where the remuneration for the delivery has been reciprocally determined by agreement between the Sending Party and the Receiving Party, and

WHEREAS, the Interconnect Operations Framework Agreement does not establish the remuneration that a Sending Party pays a Receiving Party for the delivery of Interconnect Items in the country of destination, leaving this question to separate multilateral or bilateral agreements including this Agreement, and

WHEREAS, the Parties wish to agree on such remuneration for the delivery of Interconnect items from and to the United States in such a separate multilateral agreement, and

	l		
WHEREAS,			

WHEREAS, the Parties wish to have the present Agreement cover the services listed herein.

NOW, THEREFORE, the Parties hereby agree as follows:

Article 1 – Definitions

All terms beginning with a capital letter in this Agreement (including the Annexes) are either defined in Annex 1 to this Agreement or defined in the body of this Agreement or in the Interconnect Operations Framework Agreement and referred to in Annex 1.

Article 2 – Scope of the Agreement

2.1 Items Covered

The items covered by this Agreement are set out in the Interconnect Operations Framework Agreement (the "Interconnect Items").

2.2 Services Covered

The services covered by this Agreement are set out in the Interconnect Operations Framework Agreement (the "Interconnect Services").

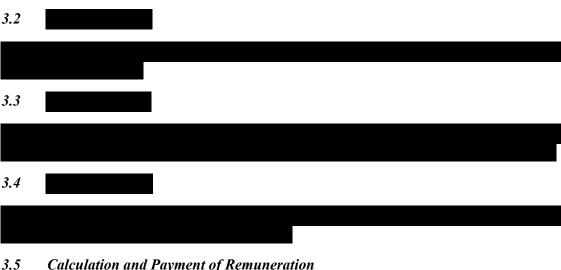
2.3 Links Covered



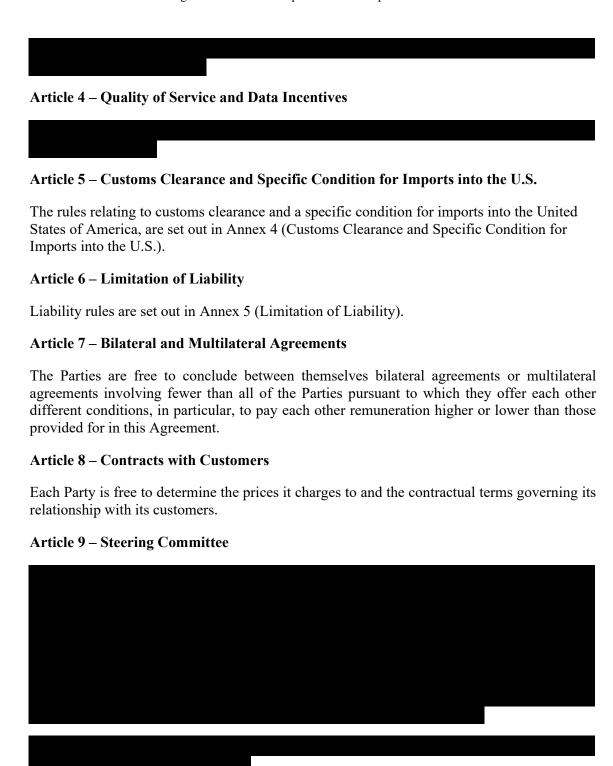
Article 3 – Remuneration

3.1 **Principle**

A Receiving Party that receives Interconnect Items from a Sending Party for delivery in its Territory shall receive remuneration as determined in the following paragraphs.



Calculation and Payment of Remuneration



Article 10 – Cost Sharing

Article 11 – Signing; Accessions

Parties to the Interconnect Remuneration Agreement USPS and Specified Postal Operators of 15 May 2020 that have informed USPS of their intention to do so may execute this Agreement as Other Parties between 18 October and 25 October 2021.

Designated Operators that have signed or at the same time join the Interconnect Operations Framework Agreement can accede to this Agreement after 25 October 2021 as Other Parties without an amendment pursuant to Article 19.



Article 12 - Term, Termination, and Suspension

12.1 Entry into Force

Subject to the General Condition Precedent set out in Annex 9 (Conditions Precedent and Confidentiality), this Agreement shall enter into force on 1 January 2022 for those Links for which the Specific Condition Precedent set out in Annex 9 is fulfilled. To the extent that the Specific Condition Precedent is only fulfilled for a Link at a later point in time, this Agreement shall enter into force for the Link concerned at that point in time.

12.2 Duration

This Agreement is entered into for an indefinite period of time.

12.3 Termination

Following the entry into force of this Agreement, any Party may withdraw from it at any time with

The notice of withdrawal may be rescinded by the submitting Party at any time prior to end of the calendar year in which the notice was given.

Following the entry into force of this Agreement, USPS may terminate an Other Party's status as a party to this Agreement

If a Party ceases to be a party to the Interconnect Operations Framework Agreement, it will also cease to be a party to this Agreement.



A Party may withdraw from the Agreement by giving not less written notice to the end of a calendar month, if an EU or national competition authority, a national postal regulator, a government agency, or a court

- (i) makes a determination adverse to the interest of a Party in connection with performance under this Agreement; or
- (ii) is considering the application of Interconnect remuneration type conditions or prices as a basis for access to the domestic postal facilities or services of a Party, and in the opinion of that Party such application would pose a serious threat to that Party's commercial interests; or
- (iii) does not provide any timely required approval or favorable review of the rates or regulatory classifications for any products or services that would be in effect under this Agreement during calendar year 2022 or thereafter.

12.4 Suspension



Article 13 – Confidentiality

Article 11 of the Interconnect Operations Framework Agreement shall apply mutatis mutandis. The reference to Annex 8 in Article 11 of the Interconnect Operations Framework Agreement shall be replaced by a reference to Section 2 of Annex 9 (Conditions Precedent and Confidentiality) to this Agreement.

Article 14 – Annexes – Entire Agreement

The Annexes referred to in this Agreement are an integral part of this Agreement. Subject to Articles 7 and 26, this Agreement, together with the Annexes thereto, constitutes the entire agreement and understanding between the Parties as to the remuneration that a Sending Party pays a Receiving Party for the delivery of Interconnect Items in its Territory.

Article 15 – Headings

Headings in this Agreement are inserted for convenience only and are not to be considered part of this Agreement.

Article 16 – Assignment – Successors

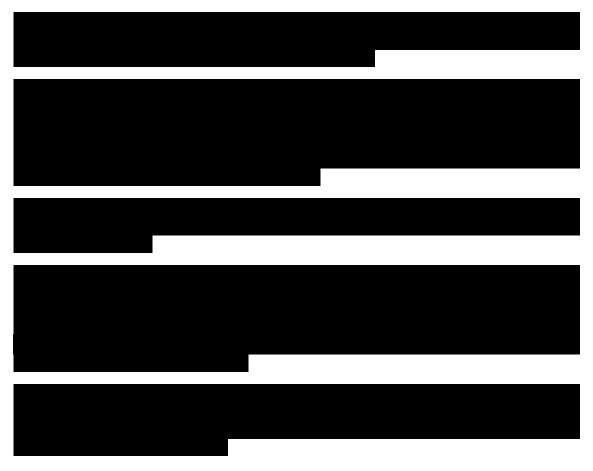
This Agreement may not be assigned by any Party without the prior written consent of all the other Parties. Such consent shall not be unreasonably withheld. All the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors.

Article 17 – Severability

If any of the provisions of this Agreement or its Annexes, for any reason whatsoever, is or becomes invalid or unenforceable or unperformable, the legal validity of the remaining provisions of the Agreement and its Annexes shall in no way be affected. The invalid, unenforceable or unperformable provision shall be replaced by a provision which comes as close as possible to achieving the intent of the invalid, unenforceable or unperformable provision.

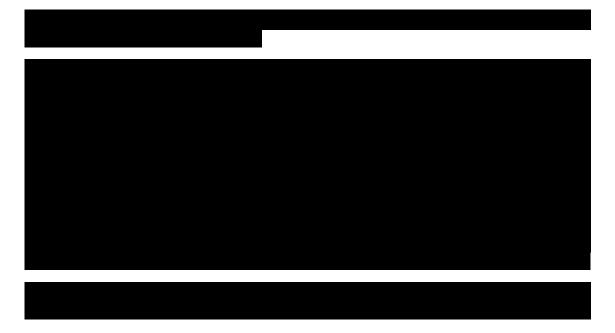
Article 18 – Dispute Resolution





Article 19 – Amendment

This Agreement may be amended by the Parties at any time. However, the body of this Agreement shall be amended only by a written instrument duly executed on behalf of each of the Parties.





Article 20 – Governing Law

Article 21 – Applicability of Certain UPU Circulars

USPS, on the one hand, and the Other Parties, on the other, shall observe each other's national regulations and governmental policies as expressed in UPU circulars provided that such policies do not contravene the UPU Convention.

Article 22 – Relationship with Other Agreements between the Parties

Between USPS and each Other Party and for the Links covered pursuant to Article 2.3, the Interconnect Operations Framework Agreement shall apply unless it conflicts with this Agreement, in which case this Agreement shall prevail.



Subject to Article 7, for the Links covered pursuant to Article 2.3, this Agreement shall take precedence over the remuneration aspects of any other agreement between USPS and any Other Party.



Article 23 – Legal Status of the Agreement

This Agreement constitutes a legally binding commercial agreement on the part of each Party and does not bind the Parties' respective governments. This Agreement does not involve the

creation of a subsidiary, branch, or stable arrangement of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency, partnership, or employer-employee relationship be created between any of them by this Agreement. Through this Agreement, the Parties do not create or designate any third-party beneficiaries.

Article 24 – Language

The official version of this Agreement, including all supporting documentation and correspondence, shall be in English. The English language shall be the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement shall be in the English language. In the event of inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning shall control.

Article 25 – Force Majeure

No Party shall be liable for failure to perform any of its obligations insofar as it proves by external evidence (e.g., by news reports, other media information or governmental statements):

- (i) that the failure was due to an impediment beyond its reasonable control; and
- (ii) that the Party could not reasonably be expected to have taken the impediment and its effect upon its ability to perform into account on the date on which it became a Party to this Agreement; and
- (iii) that it could not have reasonably avoided or overcome such an impediment, or at least its effects.
- (iv) An impediment within the meaning above can result from events such as the following, this enumeration not being exhaustive:
 - a) war, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of sabotage, acts of terrorism;
 - b) natural disasters, such as violent storms, cyclones, earthquakes, tidal waves, floods, destruction by lightening;
 - c) explosions, fires, destruction of machines, of factories, and of any kind of installations:
 - d) acts of authority, whether lawful or unlawful apart from acts for which the Party seeking relief has assumed risk by virtue of other provisions of this Agreement, and apart from internal strikes as described below; and
 - e) external strikes which are strikes that do not involve the Party concerned itself, but nonetheless affects its ability to handle Interconnect Items or to provide transmission of data about such items. If an external strike takes place, the Party concerned shall not be liable for its performance with respect to inbound and outbound shipments for a period extending from the beginning of the external strike until two calendar days after it is notified of the conclusion of the strike.

Internal strikes are defined herein as strikes within a Party's organization, which cause disruption to processing of Interconnect Items or the provision of data about such items. If such an internal strike occurs, the Party remains responsible for its performance with respect to inbound and outbound shipments.

A Party wishing to invoke an event of force majeure must notify IPC by email within 24 hours of any event of force majeure becoming known to it. Events of which IPC has not been notified within four weeks of their commencement shall not count as force majeure events.

Events of force majeure that last less than 72 hours shall not affect a Party's liability for failure to perform its obligations.

Article 26 – Survival

The provisions of Articles 2, 12, 13, 14, 15, 17, 18, 20 and this Article 26, as well as any other terms to the extent that they apply to the Parties' continuing obligations to one another under the articles listed above, will survive the conclusion or termination of this Agreement. Claims that have arisen by then will also survive the conclusion or termination of this Agreement.

Article 27 – Counterparts

This Agreement shall be executed in counterparts. The counterpart signed by USPS shall contain the Link-specific Appendices to Annexes 2 and 3 for all Other Parties that have indicated their willingness to sign. The counterpart signed by each Other Party shall contain the Link-specific Appendices to Annexes 2 and 3 only for the Other Party in question.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties have executed this Agreement.

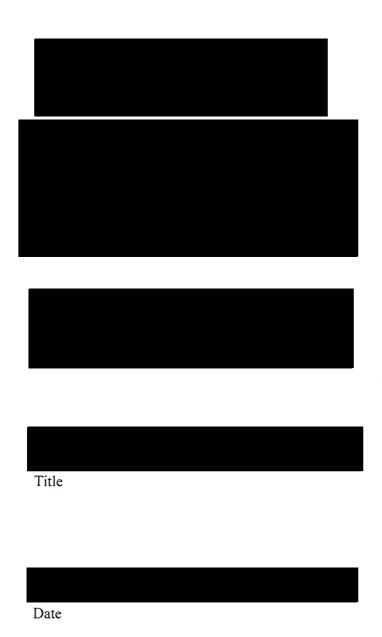
[SIGNATURE PAGES FOLLOW]

The following agrees to be bound as a signatory to the Interconnect Remuneration Agreement USPS and Specified Postal Operators II (IRA-USPS II).
United States Postal Service
Bothet H. Barnist
Signature
Robert H. Raines Jr.
Name
Managing Director, Global Business
Title
November 22, 2021
Date

Interconnect Remuneration Agreement USPS and Specified Postal Operators II

CONFIDENTIAL

The following agrees to be bound as a signatory to the Interconnect Remuneration Agreement USPS and Specified Postal Operators II (IRA-USPS II).



List of Annexes

Annex 1:	Definitions
Annex 2:	Remuneration for Interconnect Items
Annex 3:	Quality of Service and Data Incentives
Annex 4:	Customs Clearance and Specific Condition for Imports into the U.S.
Annex 5:	Limitation of Liability
Annex 6:	Settlement and Accounting
Annex 7:	Deed of Accession to the Interconnect Remuneration Agreement USPS and Specified Postal Operators
Annex 8:	Steering Committee Procedures
Annex 9.	Conditions Precedent and Confidentiality

Annex 1: Definitions

ACR

The U.S. Postal Service's Annual Compliance Report to the U.S. Postal Regulatory Commission.

Agreement

Interconnect Remuneration Agreement USPS and Specified Postal Operators II (IRA-USPS II).



CN 31

UPU form "Letter bill" accompanying each letter mail dispatch, and stating mail category and number of receptacles and items.

CN 53

UPU form "Statement of sampling" providing sampling information for each sampled receptacle (including mail category; receptacle identifier, format and type; number of items; and gross weight and gross IPK).

CN 54

UPU form "Recapitulative statement of sampling" proving a summary of the sampling results and total weight of mail received based on CN 54 and CN 56.

CN 54bis

UPU form "Annual recapitulative statement of sampling" reflecting on an annual basis sampling results based on CN 54 and total weight of mail received based on CN 56.

CN 55

UPU form "Statement of mails" reflecting on a quarterly basis mail separated by format and mail not separated by format.

CN 57

UPU form "Bulk mail received" used by the Parties for accounting of Standard Packets and thus reflecting the weight and number of Standard Packets received.

CN 61

UPU form "Detailed account. Terminal dues" reflecting on an annual basis the total volume of mail received and sent.

CN 64

UPU form stating the balance of the CN 61 detailed accounts.

Commission

U.S. Postal Regulatory Commission.

CP 75

UPU form "Summarized account" used by the Parties for accounting of Standard Parcels and Premium Parcels.

CP 94

UPU form "Statement of amounts due" accompanying the CP 75 billing form to allow for verification of the dispatch data.

Creditor Party

Has the meaning attributed to it in Section 1.2 of Annex 6.

Debtor Party

Has the meaning attributed to it in Section 1.2 of Annex 6.

Deed of Accession

Deed to be executed by a Designated Operator wishing to accede to the Agreement as an Other Party.

Designated Operator

Designated operator within the meaning of Article 1.1.12 of the 2016 UPU Convention (or successor provisions) or an entity performing tasks of a Designated Operator within its group.

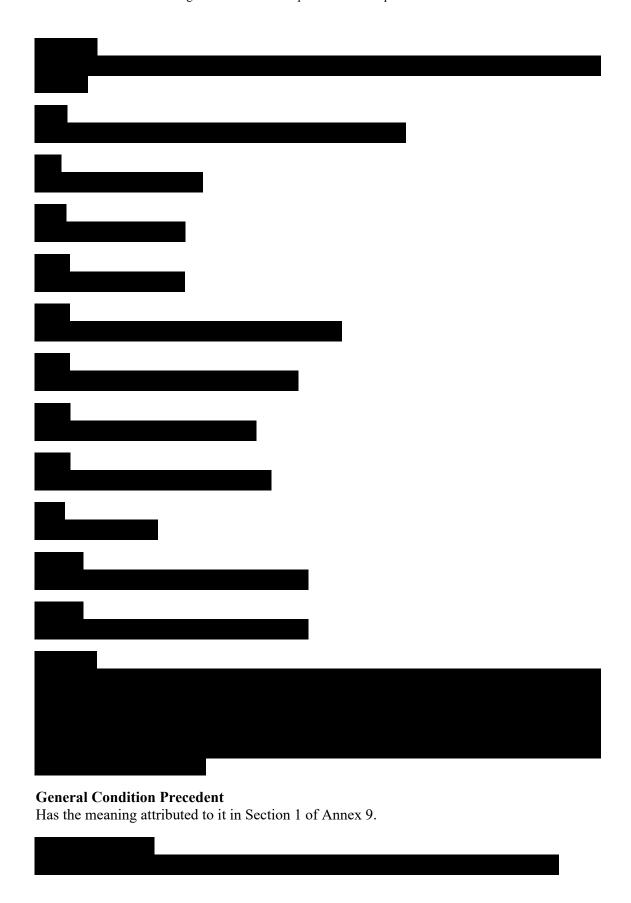
Domestic Mail Manual

Mailing Standards of the United States Postal Service, Domestic Mail Manual of August 29, 2021 (or successor editions) that provides the official prices and standards of USPS for all domestic mailing services and that is available on the Postal Explorer Web site at pe.usps.com.

Economy

Has the meaning attributed to it in the Interconnect Operations Framework Agreement.







Interconnect Items

Items covered by the Interconnect Operations Framework Agreement.

Interconnect Operations Framework Agreement

The Interconnect Operations Framework Agreement of 20 July 2015, as amended.

Interconnect Remuneration Agreement Europe

The Interconnect Remuneration Agreement Europe of 4 December 2015, as amended.

Interconnect Remuneration Agreement USPS and Specified Postal Operators

The Interconnect Remuneration Agreement USPS and Specified Postal Operators (IRA-USPS) of 15 May 2020.

Interconnect Remuneration U.S. Steering Committee

Has the meaning attributed to it in Article 9.

Interconnect Services

Services covered by the Interconnect Operations Framework Agreement.

International Bureau of the UPU

The UPU headquarters fulfilling a secretariat function and providing logistical and technical support to the UPU bodies.

IOFA

The Interconnect Operations Framework Agreement of 20 July 2015, as amended.

IPC

International Post Corporation.



IPK

Items per kilogram.

ITMATT

(ITeM ATTribute), a standard EDI message that specifies how item information is encoded for electronic customs declaration purposes.



Link

The exchange of Interconnect Items between USPS and an Other Party.

Link-specific Appendix

Appendix to an Annex to this Agreement that contains Link-related information only for USPS and one Other Party.

Minimum Quality of Service Target

Has the meaning attributed to it in Section 4.1 of Annex 3.

MRD POD

Event generated by a mail registration device indicating change of responsibility between Sending and Receiving Party.

Office of Exchange

A postal sorting office that specializes in receiving and sending cross-border mail.

Other Parties

Parties other than USPS.

Parties/Party

The parties/party having entered into or acceded to the Agreement.

PREDES

Electronic message with pre-advice of dispatch sent by the Sending Party.



Receiving Party

Has the meaning attributed to it in the Interconnect Operations Framework Agreement.

RESDES

Electronic return message containing information about receptacles of a dispatch of mail that has been processed at an Office of Exchange of a Receiving Party.

SDR

Special Drawing Rights used by the International Monetary Fund.

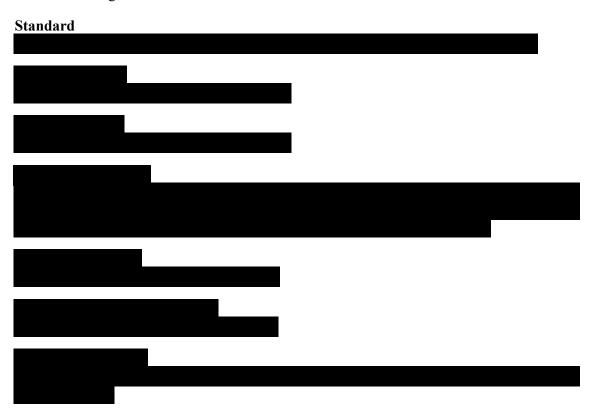
Sending Party

Has the meaning attributed to it in the Interconnect Operations Framework Agreement.



Specific Condition Precedent

Has the meaning attributed to it in Section 1 of Annex 9.



Territory

The territory in which the Receiving Party operates postal services as per the IOFA. The details of that territory, including possible exclusions of certain areas, are set out in Appendix 1 to Annex 2.

UPU

The Universal Postal Union.

UPU Base Rate

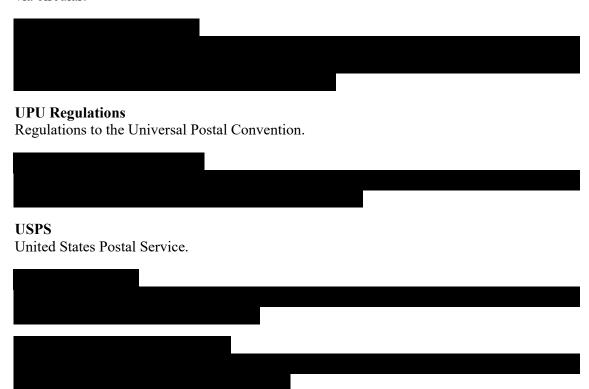
Self-declared rate without any adjustment based on the Receiving Party's quality of service performance of which the International Bureau of the UPU gives notice via circular or via other means of communication, or, in the absence of such a notified self-declared rate, the terminal dues rate (without any adjustment based on the Receiving Party's quality of service performance) of which the International Bureau of the UPU gives notice via circular.

UPU Convention

The Universal Postal Convention.

UPU ILR

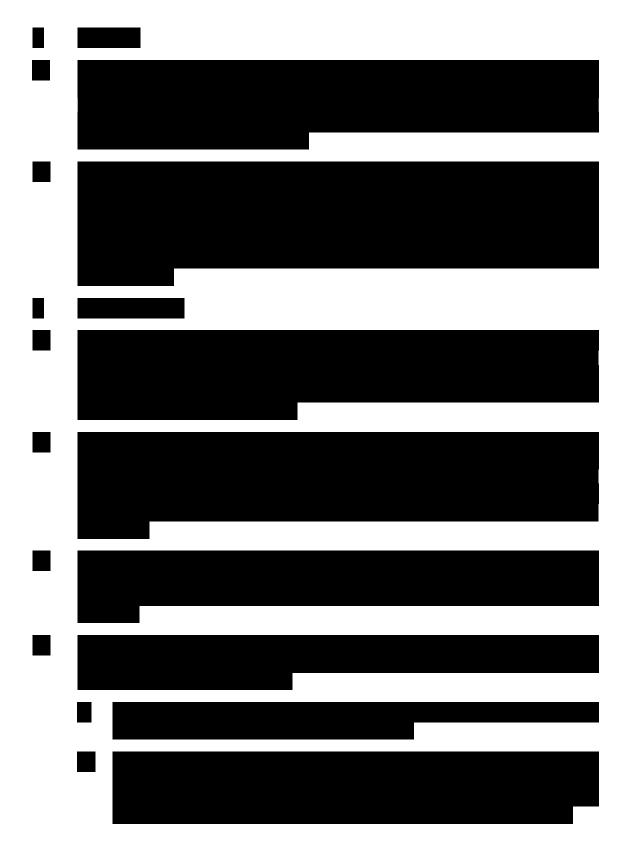
Inward land rates, i.e. basic rates for the acceptance and delivery of inbound air parcels and bonus payments based on UPU Parcel Service Features that a Designated Operator provides verified and validated by the UPU, of which the International Bureau of the UPU gives notice via circular.

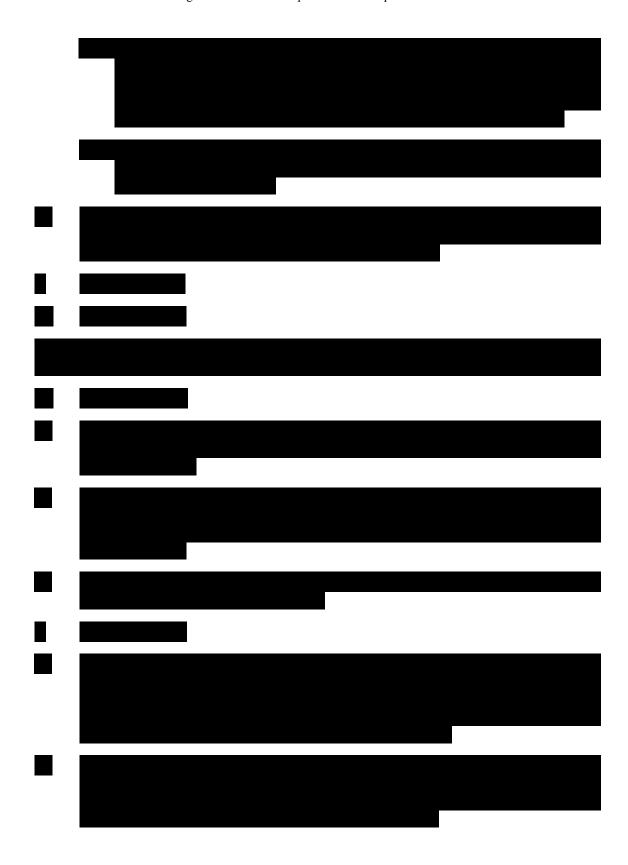


ZIP Code

Postal code used by USPS.

Annex 2: Remuneration for Interconnect Items

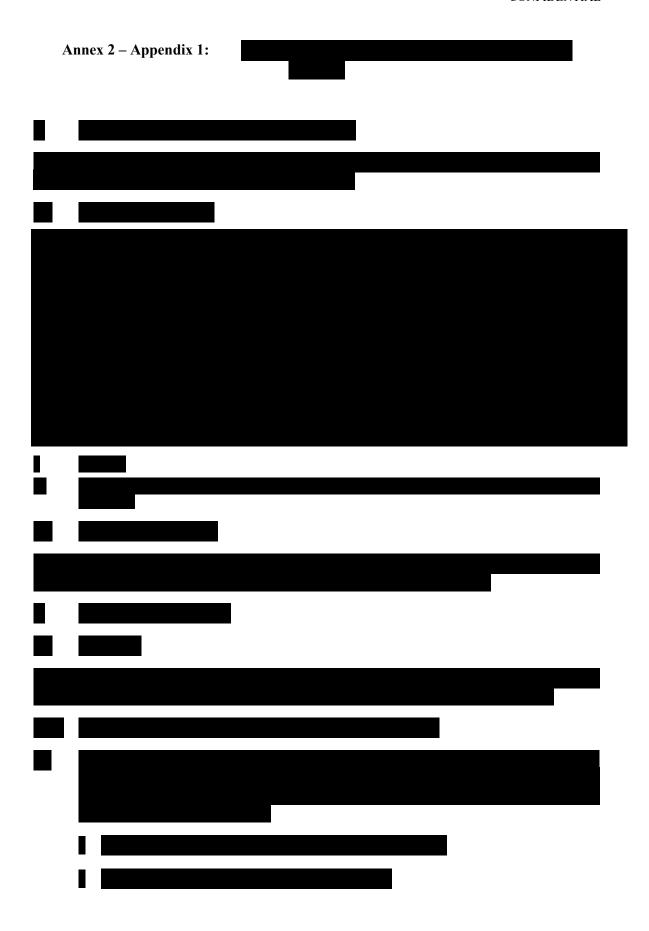


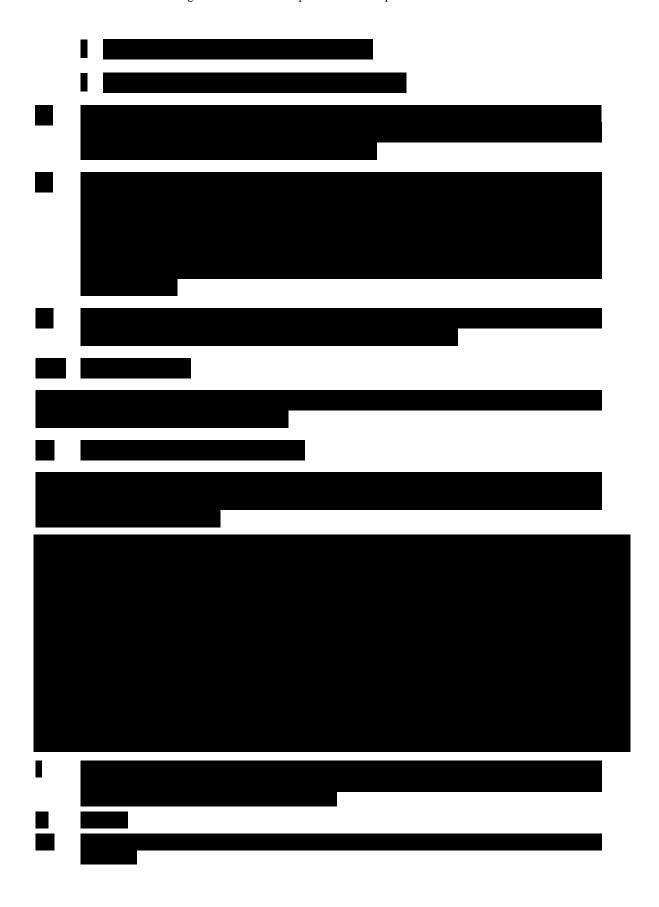




6. Currencies

For this Agreement SDRs shall be used for the purposes of calculating remuneration.





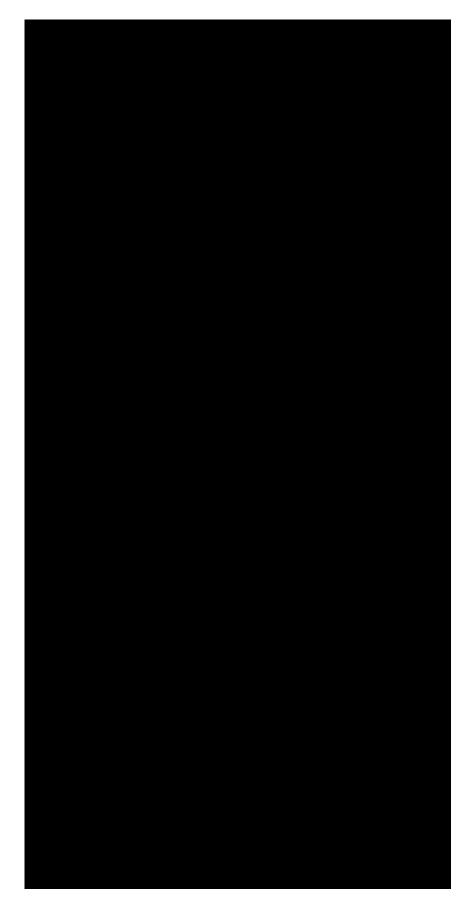
Interconnect Remuneration Agreement USPS and Specified Postal Operators II





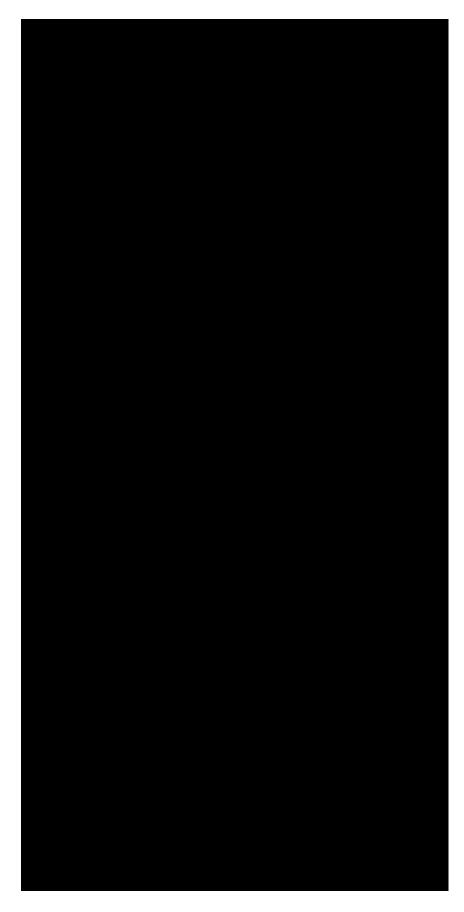


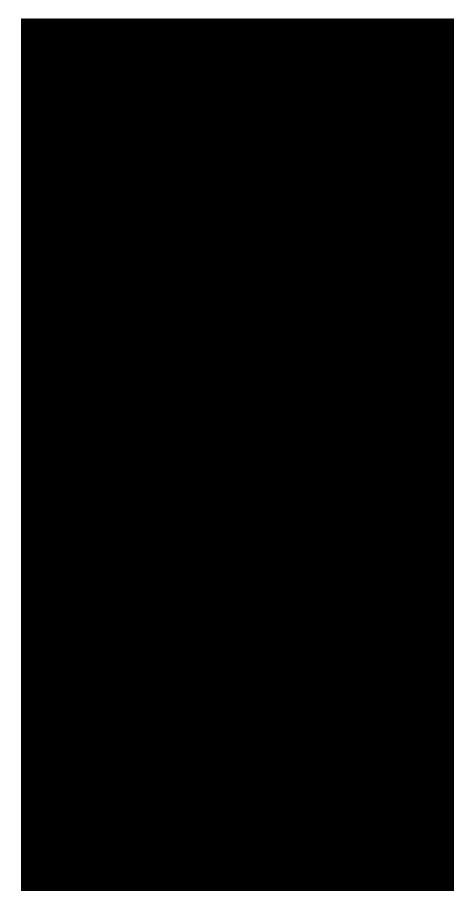


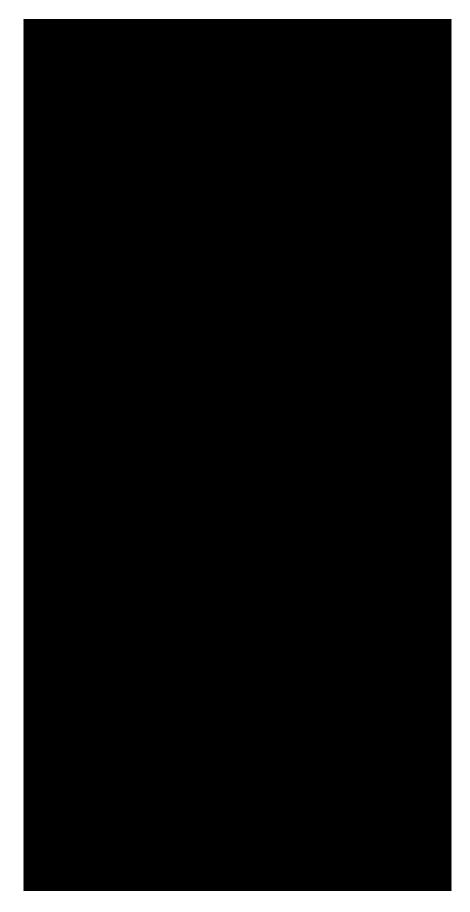


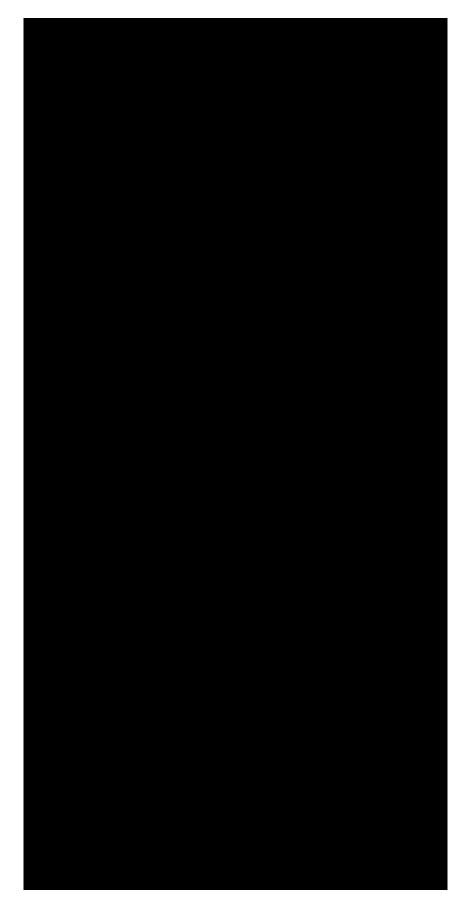






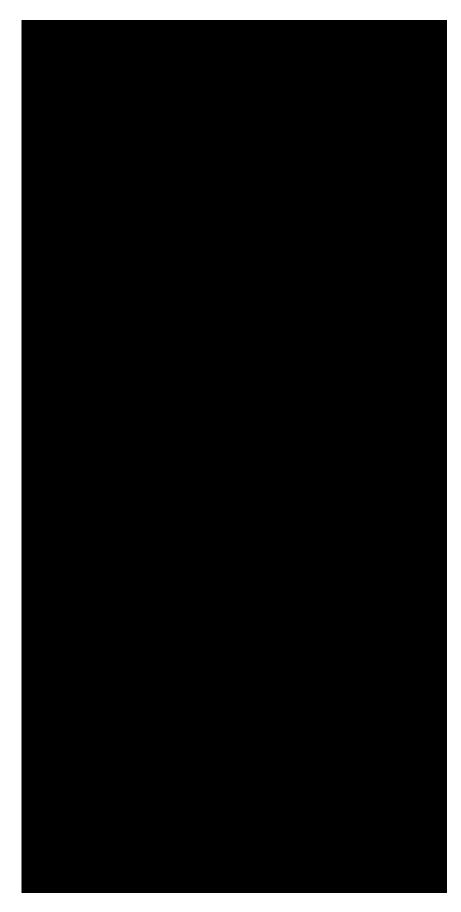


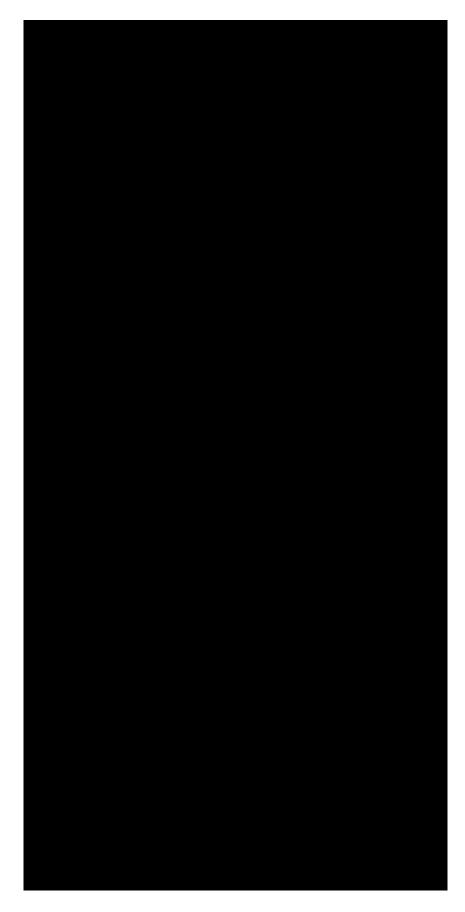


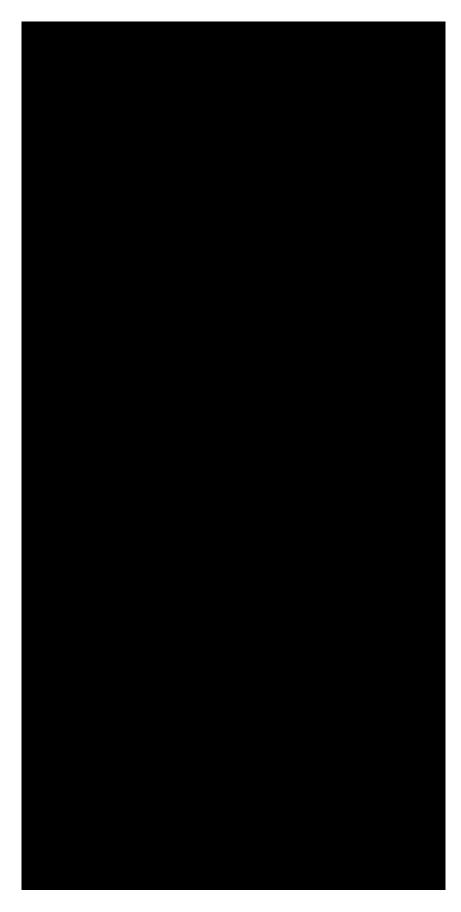




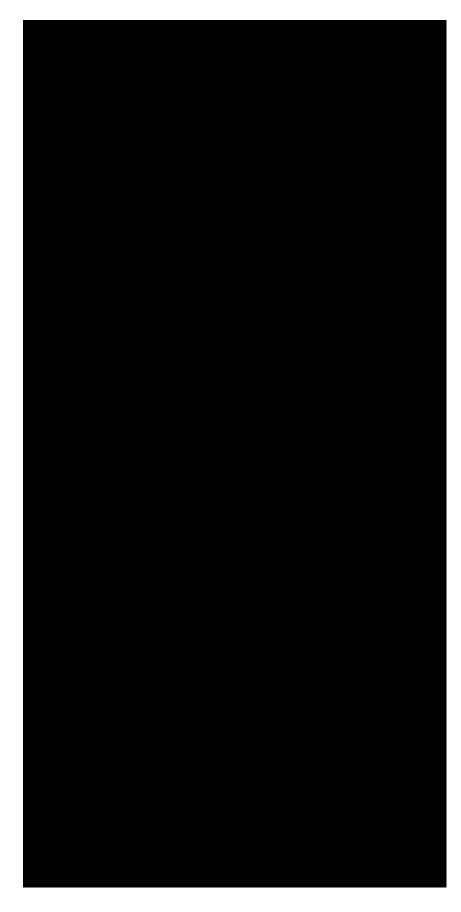


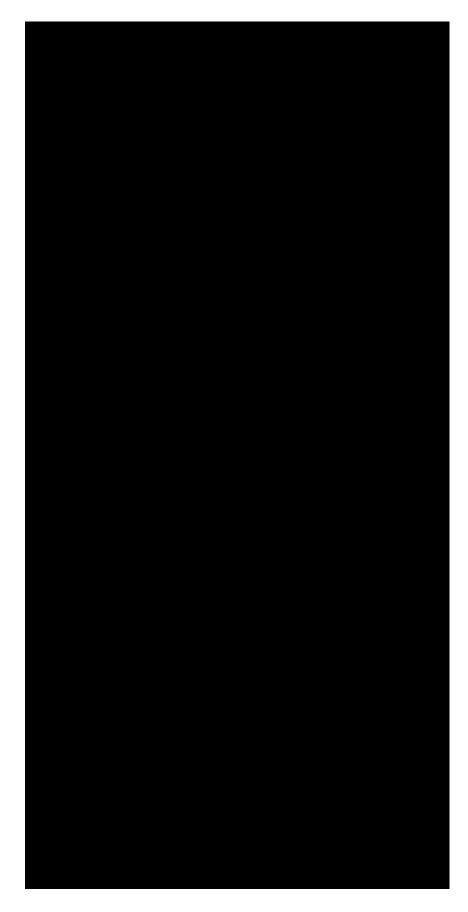


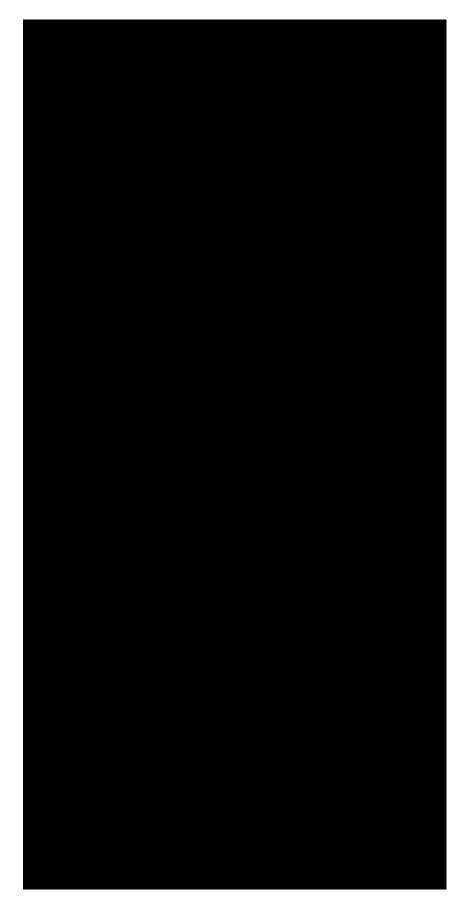


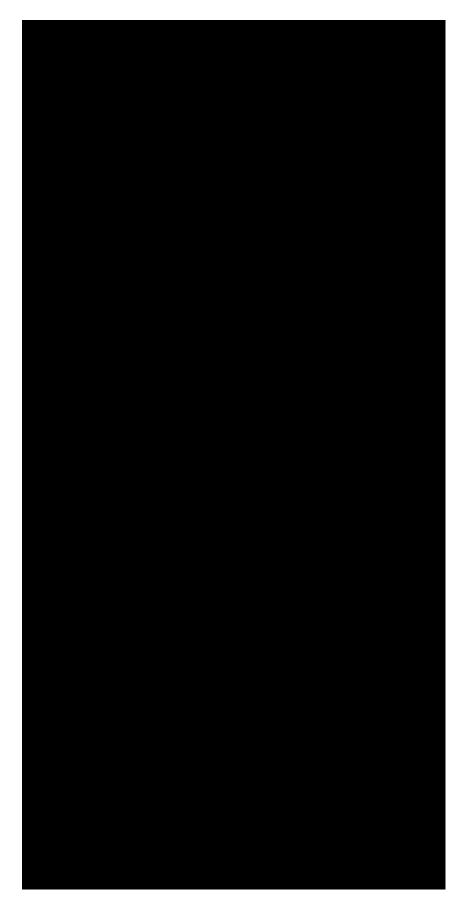




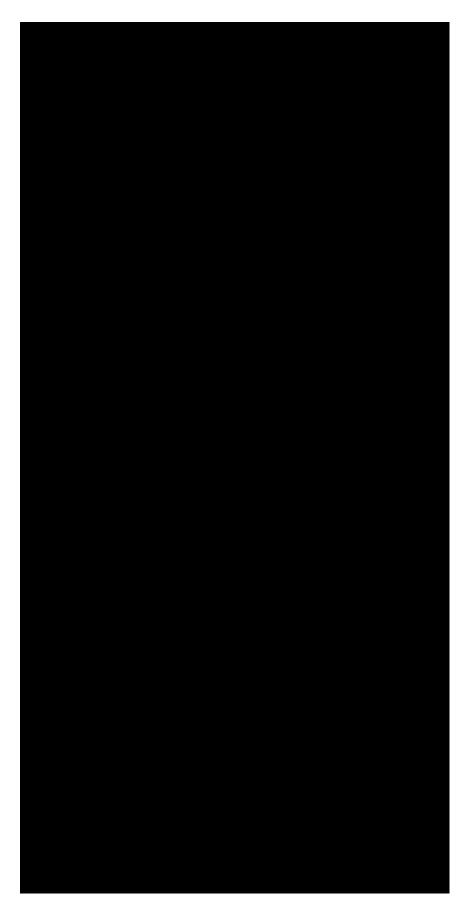


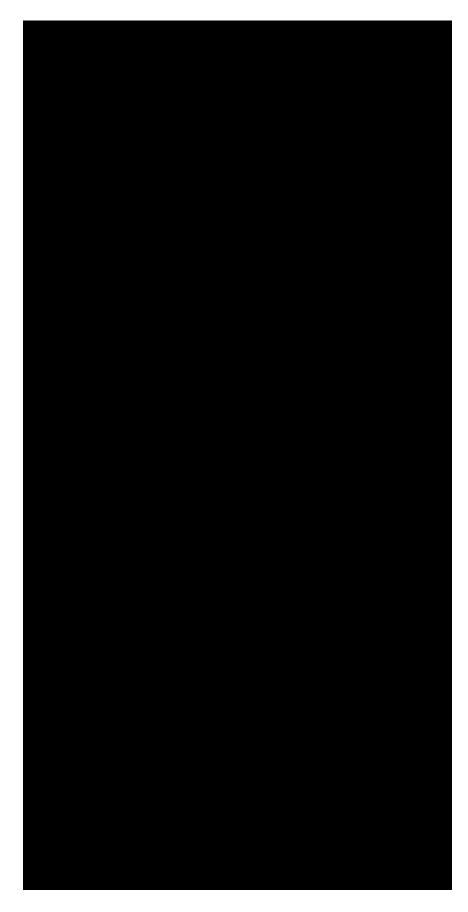


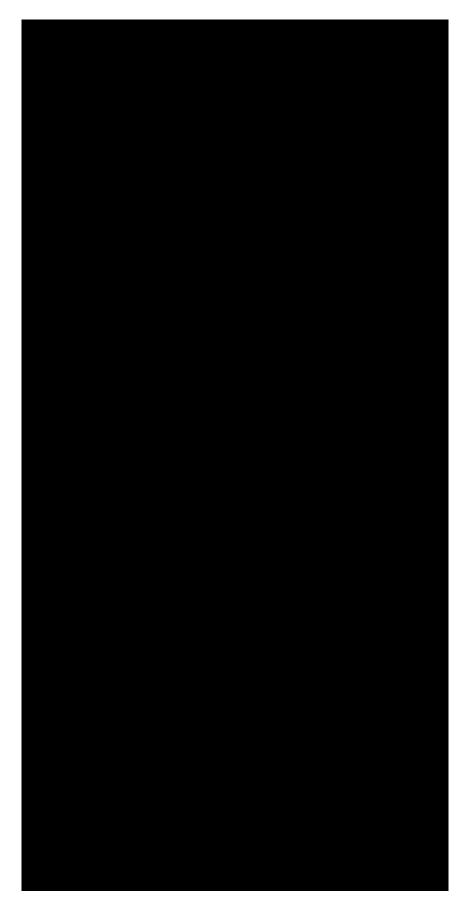






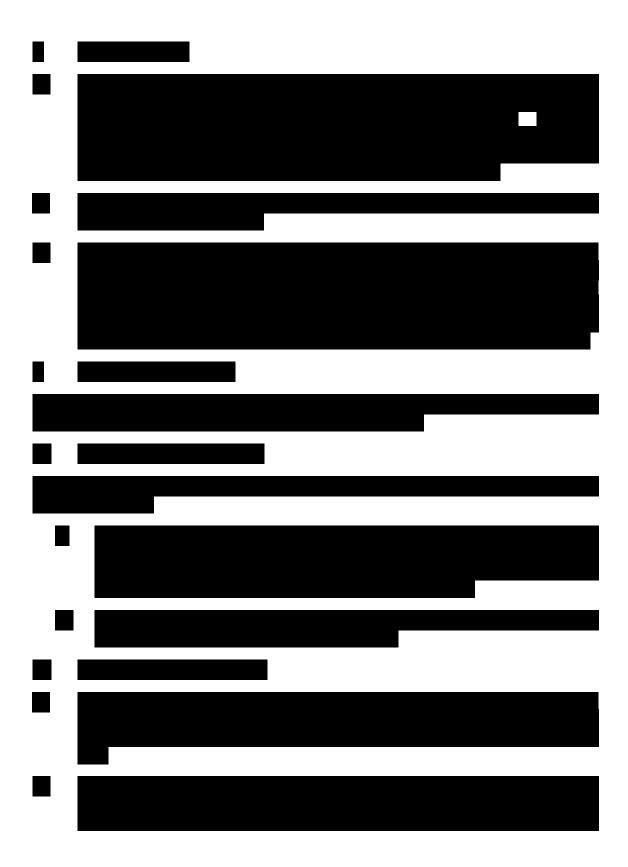


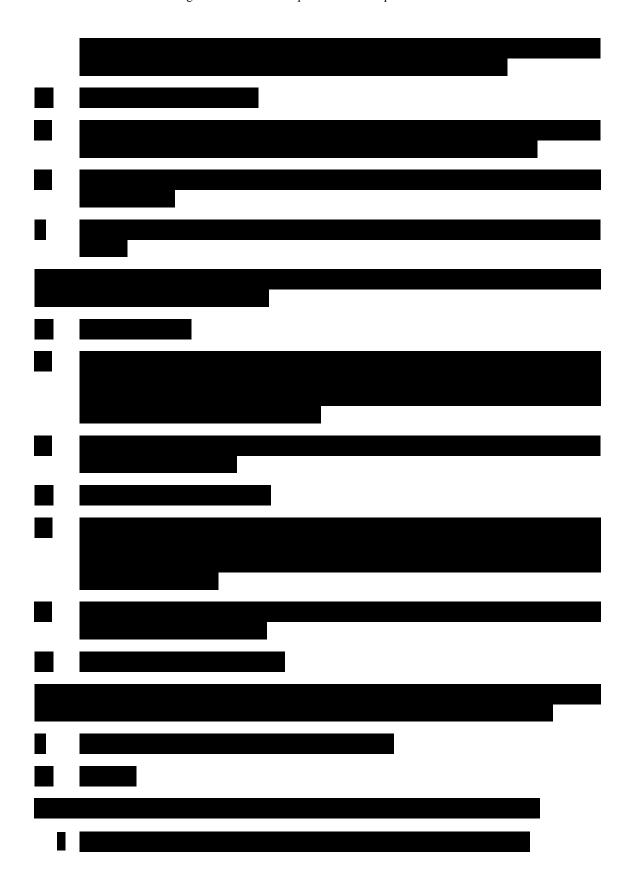


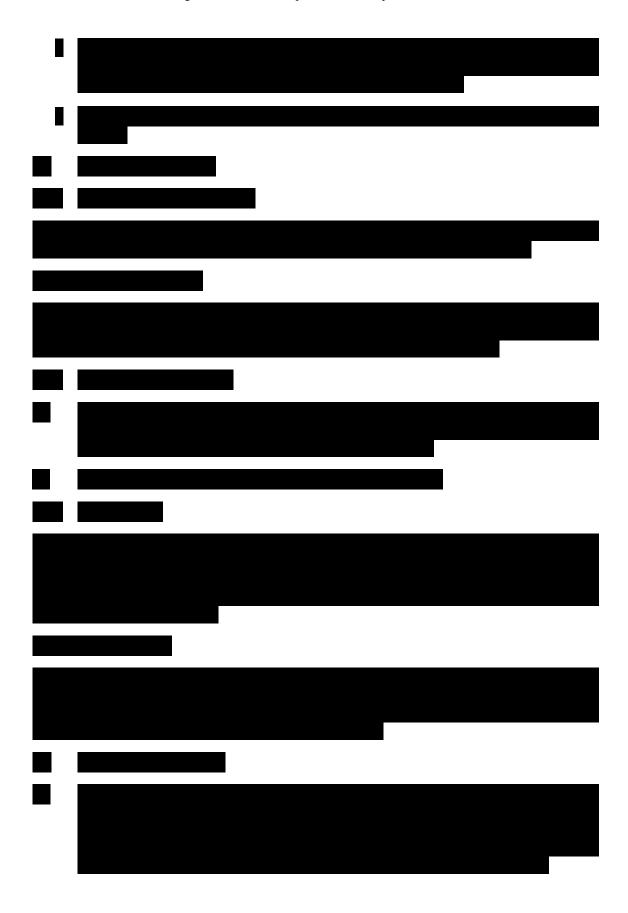




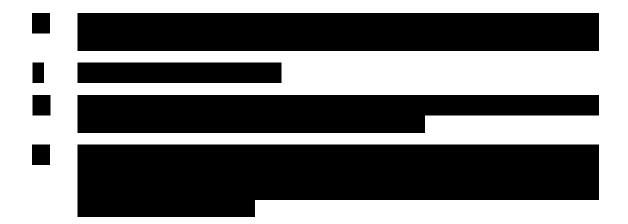
Annex 3: Quality of Service and Data Incentives







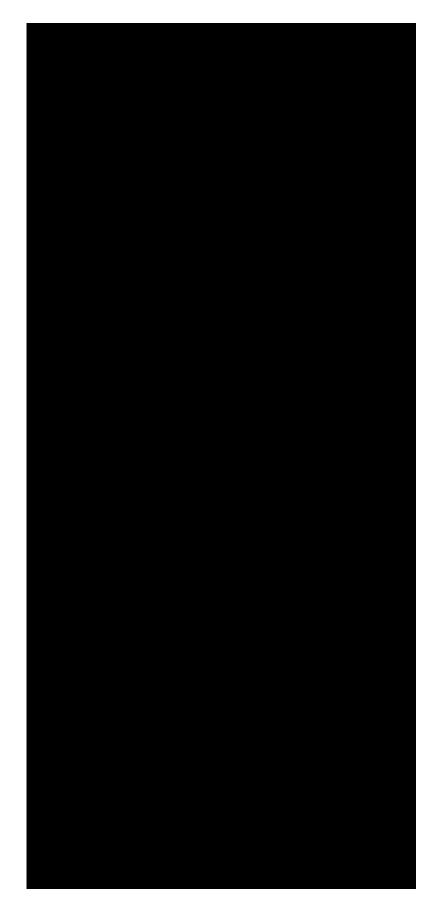
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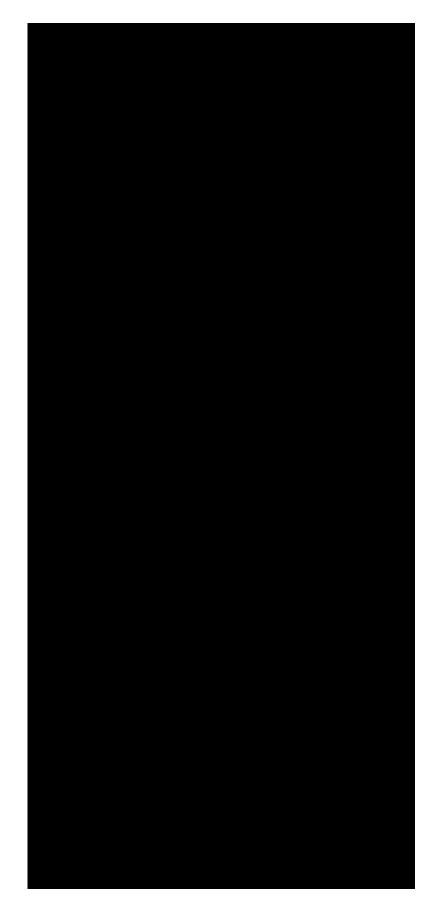


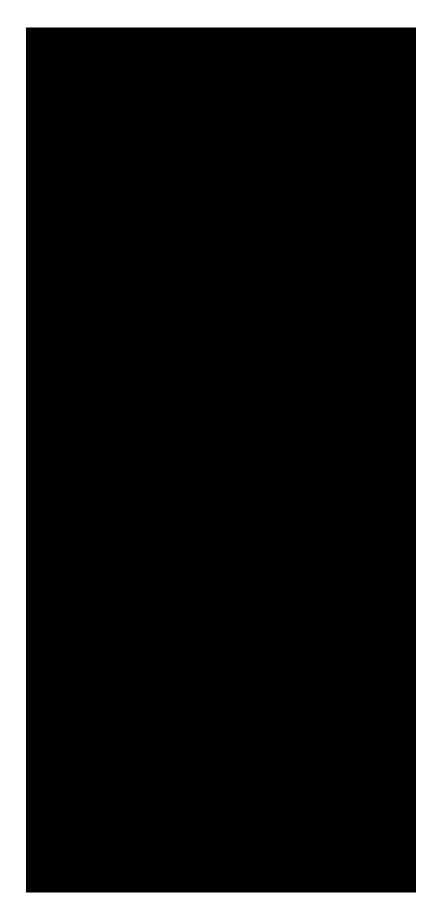
Annex 3 – Appendix 1:

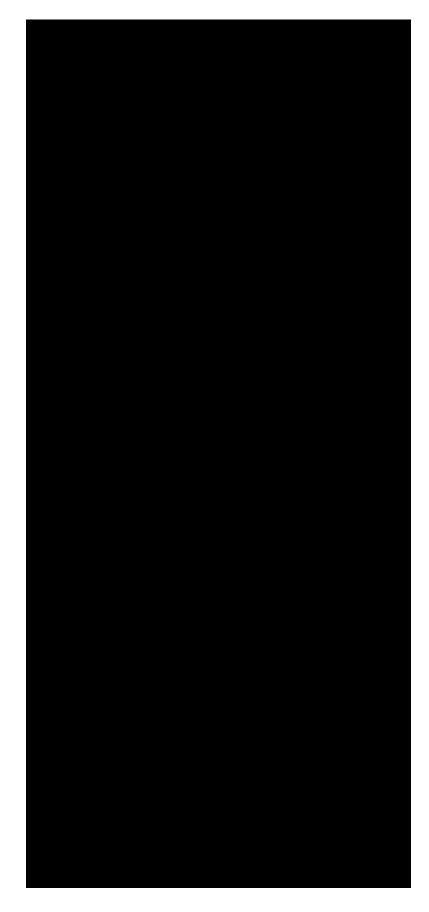


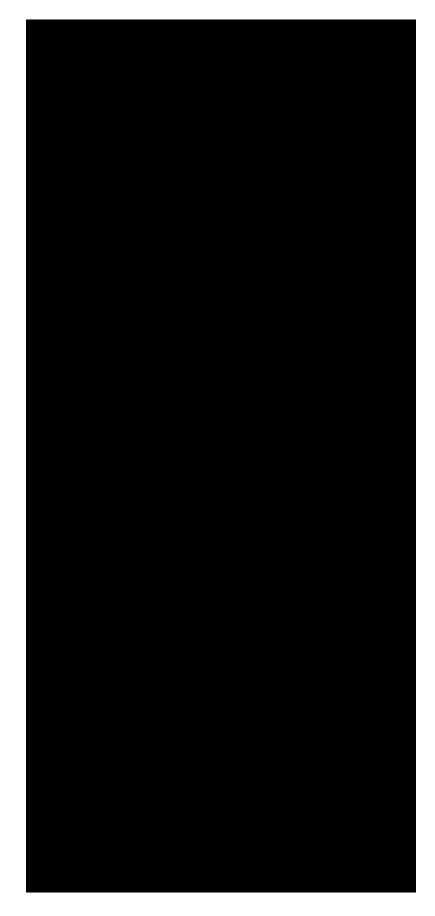


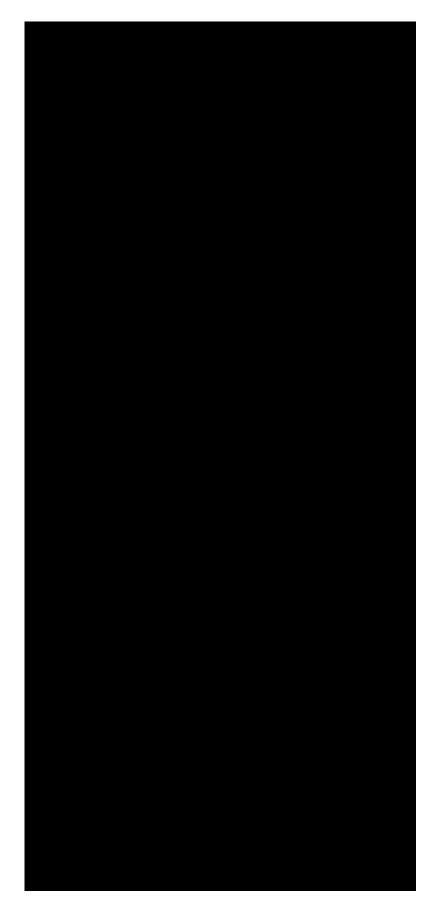




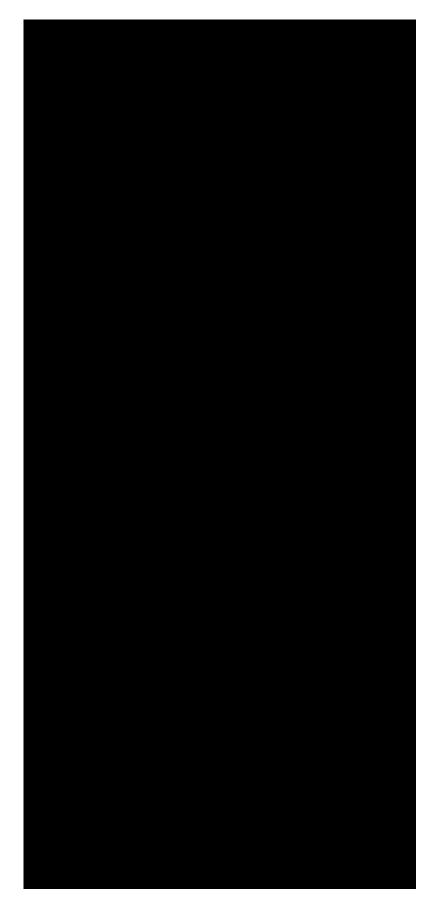


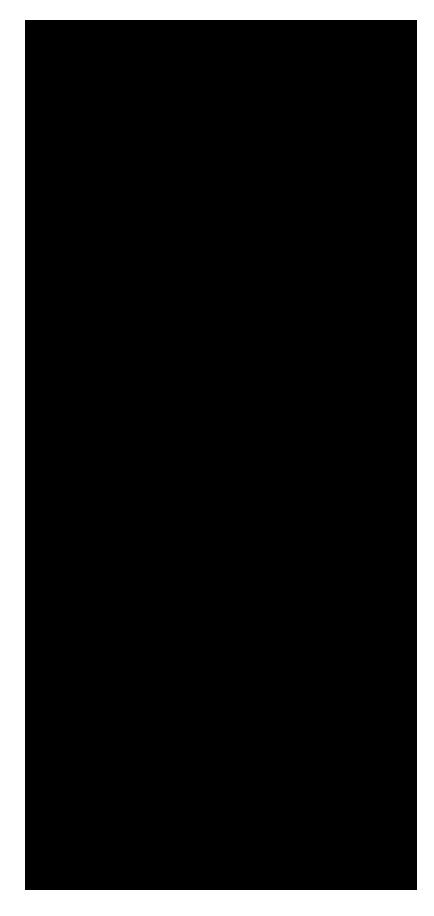


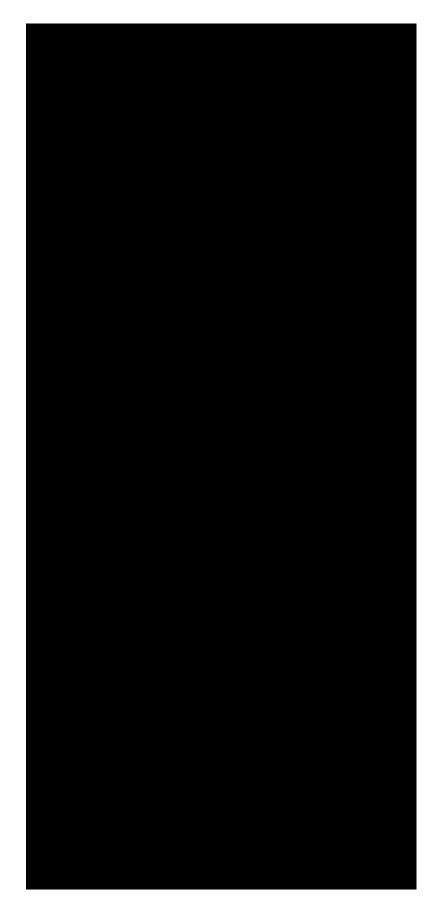


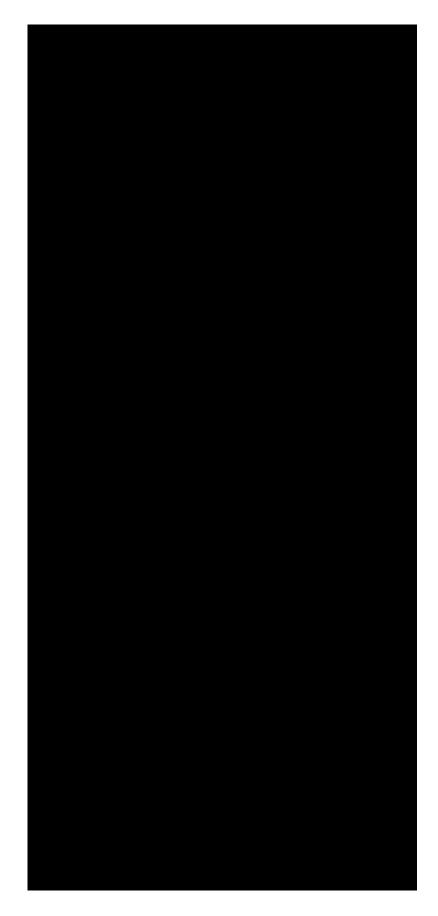


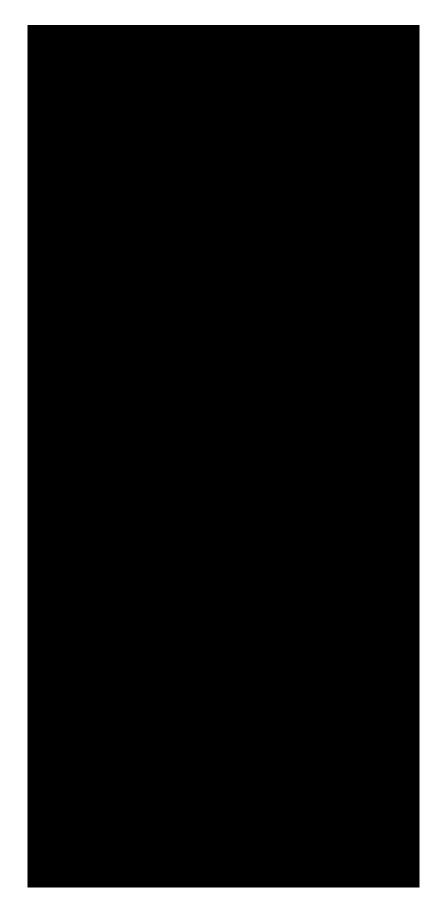


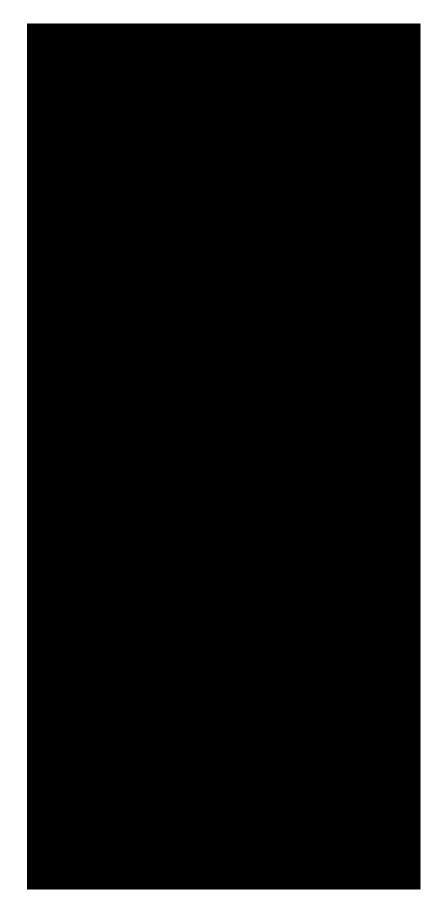




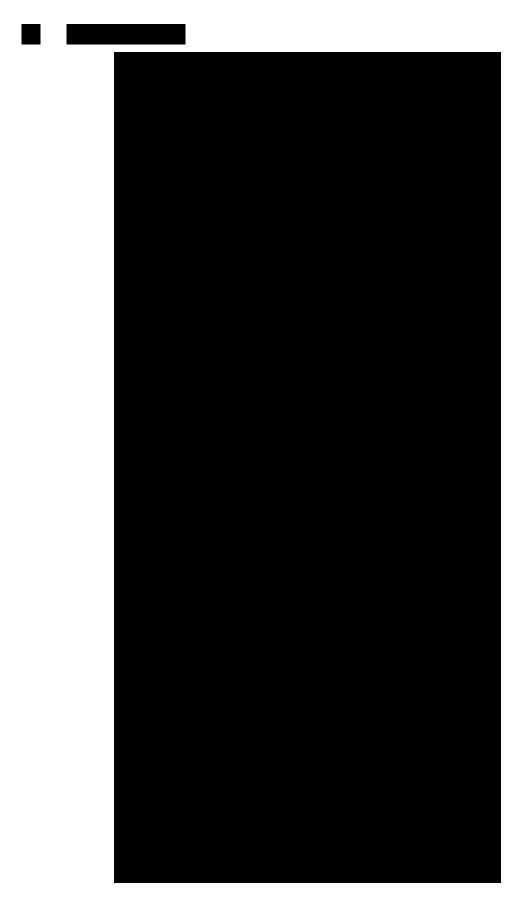


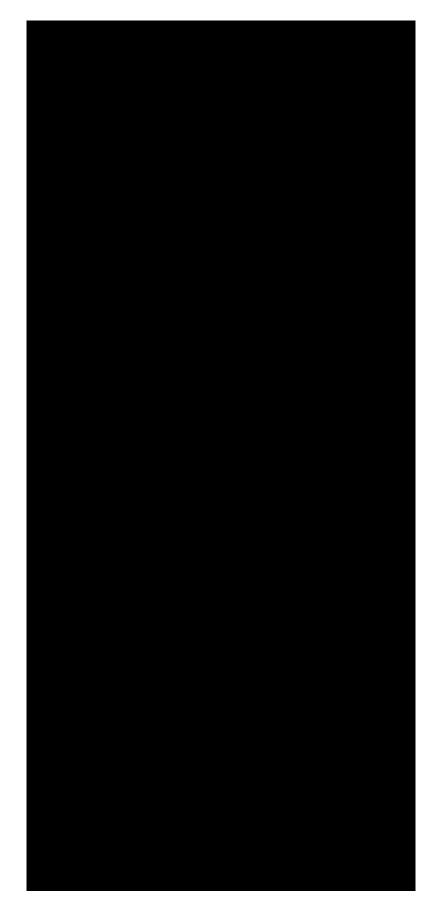


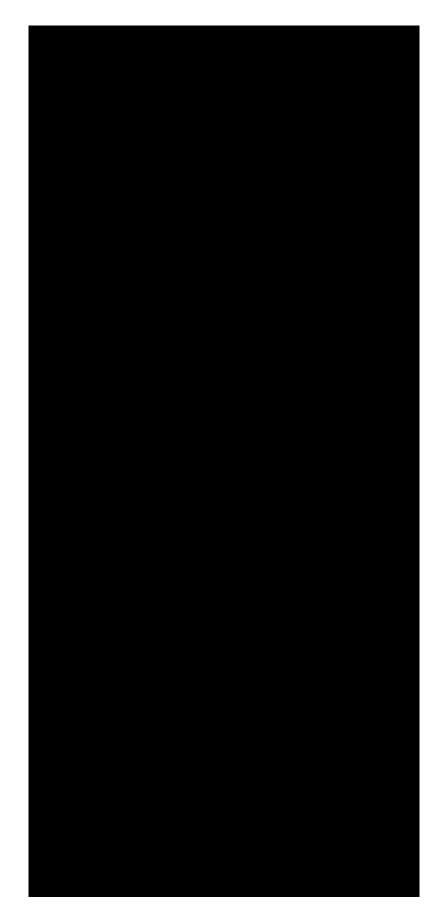


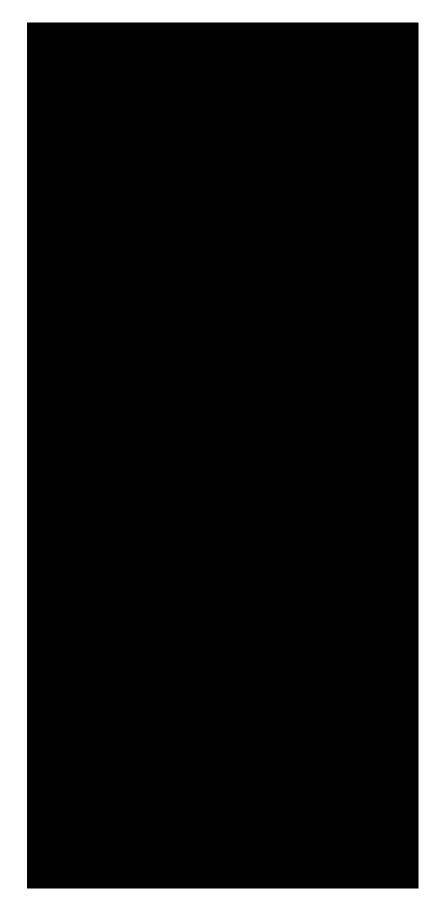


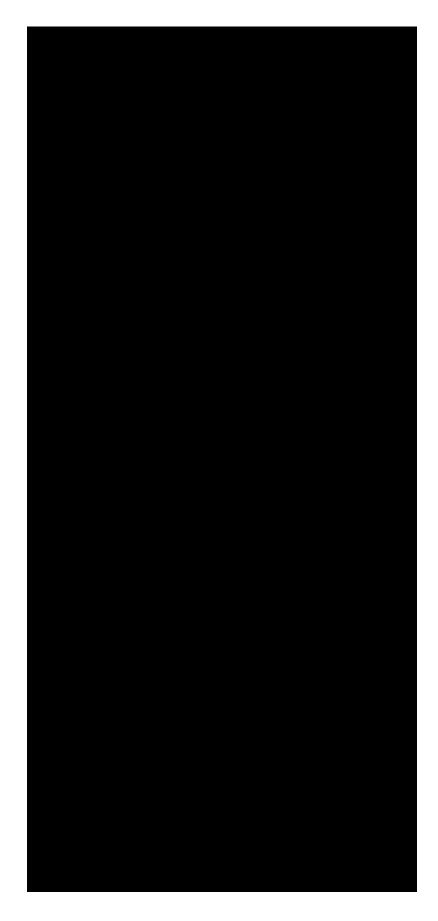


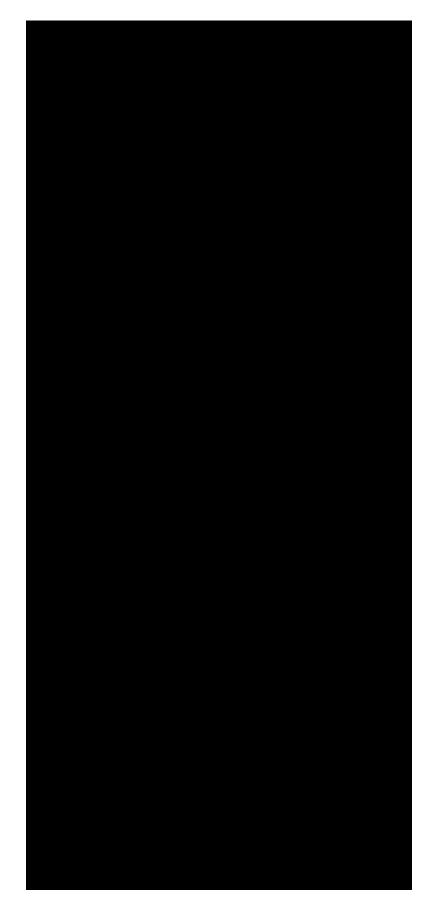


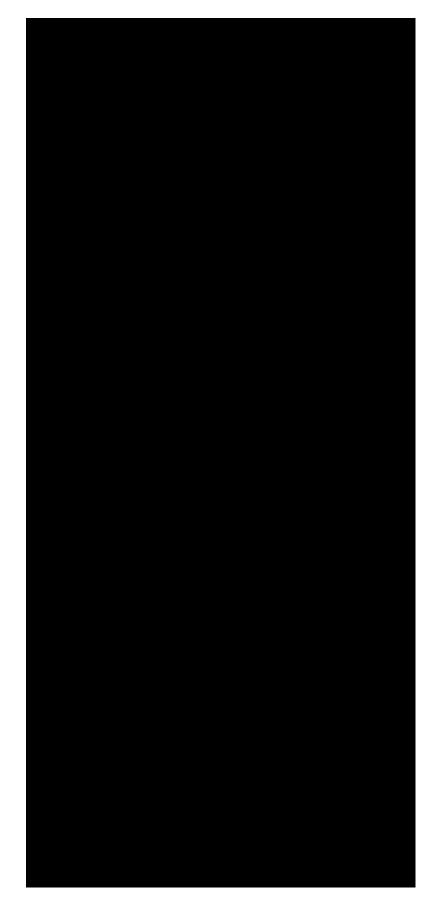


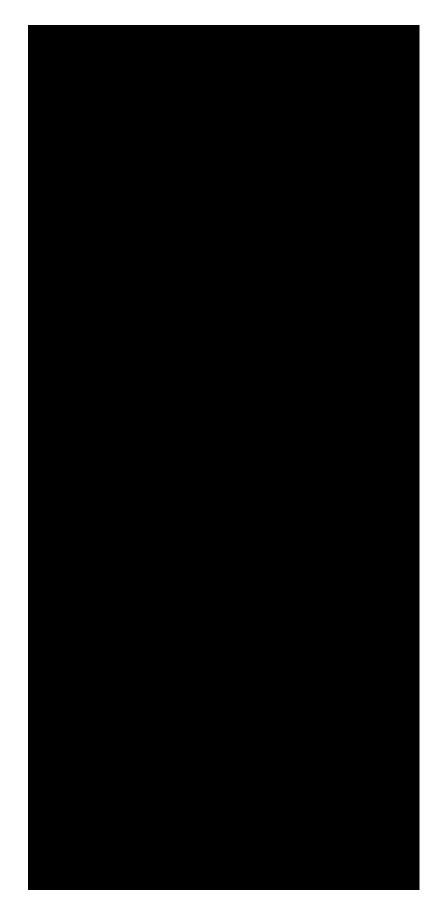


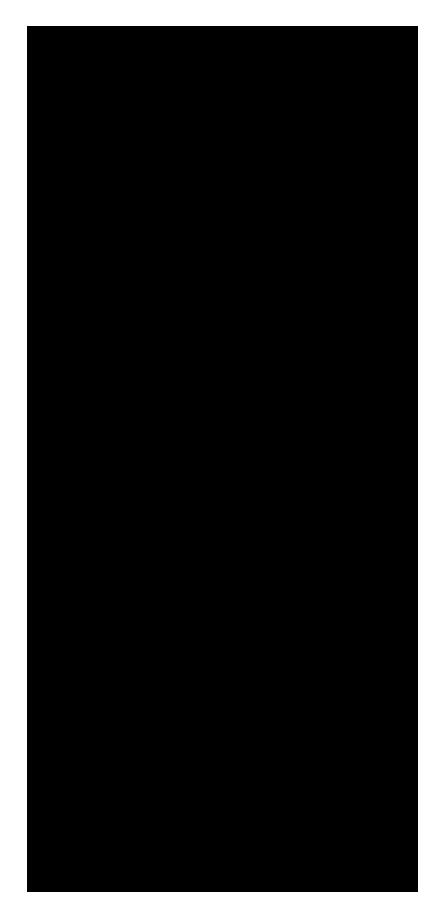






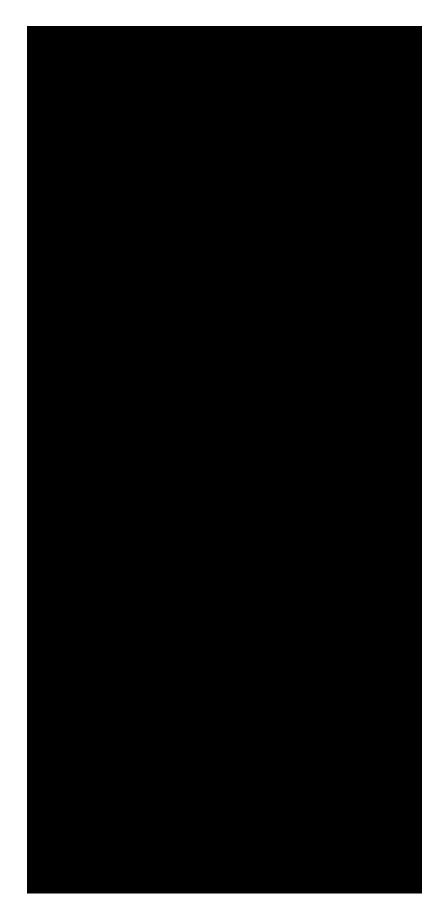


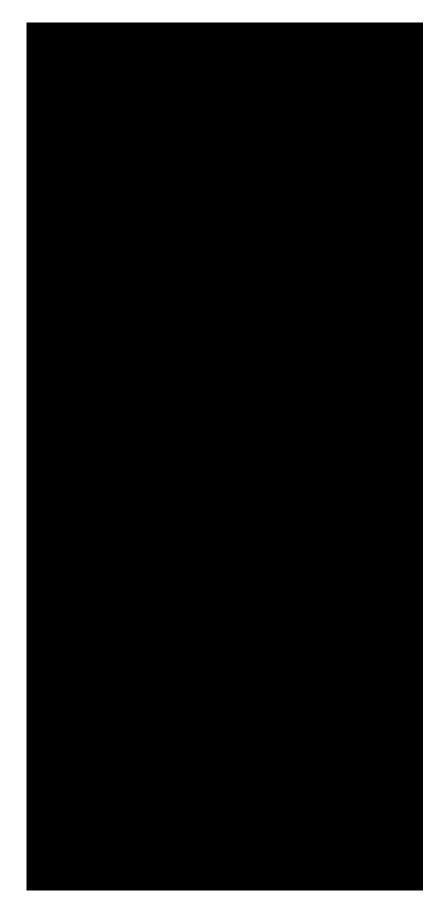




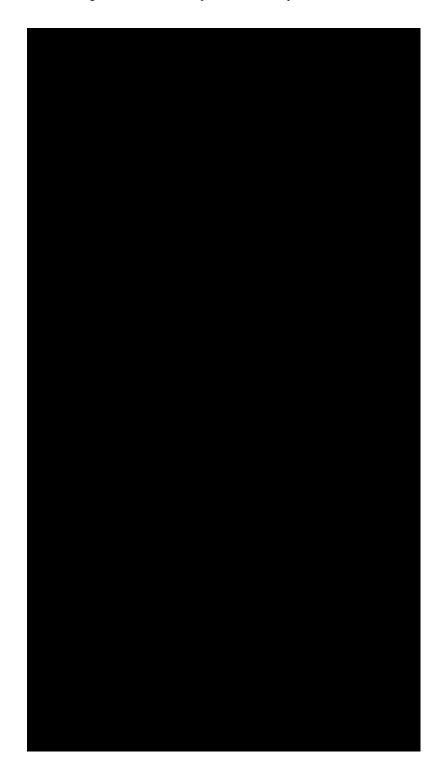




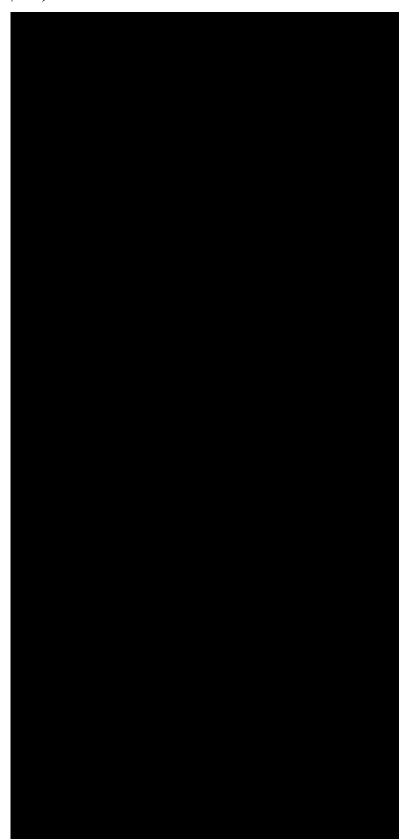






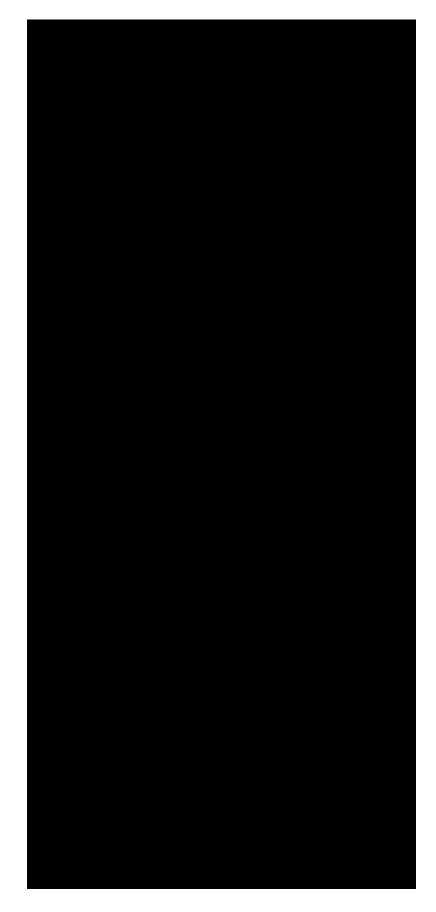


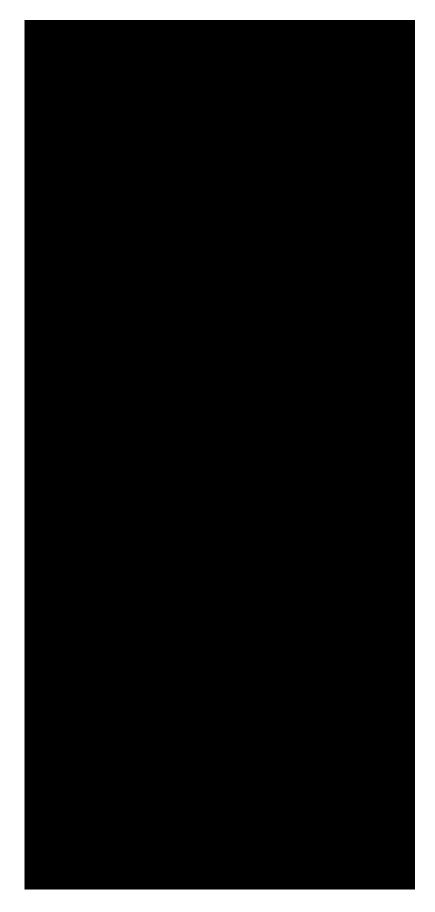
2.3 Miami (MIA)





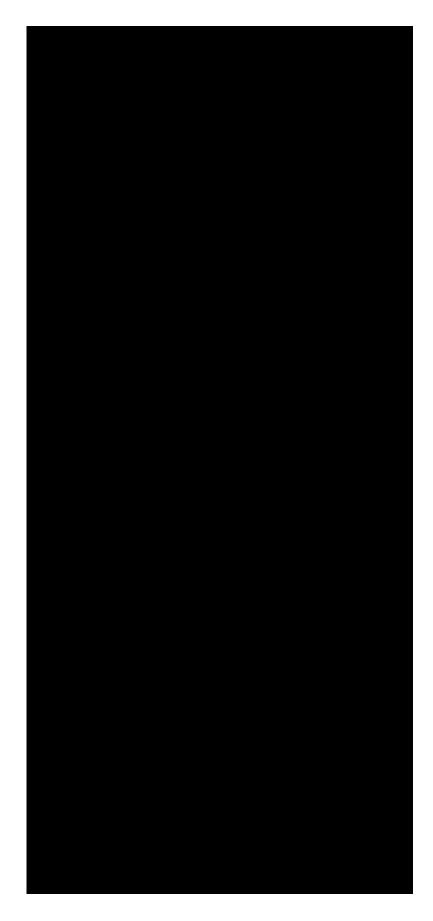




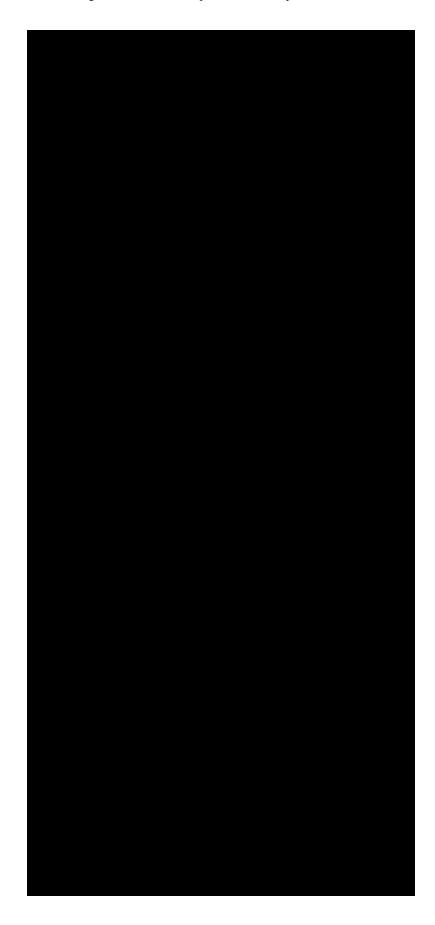


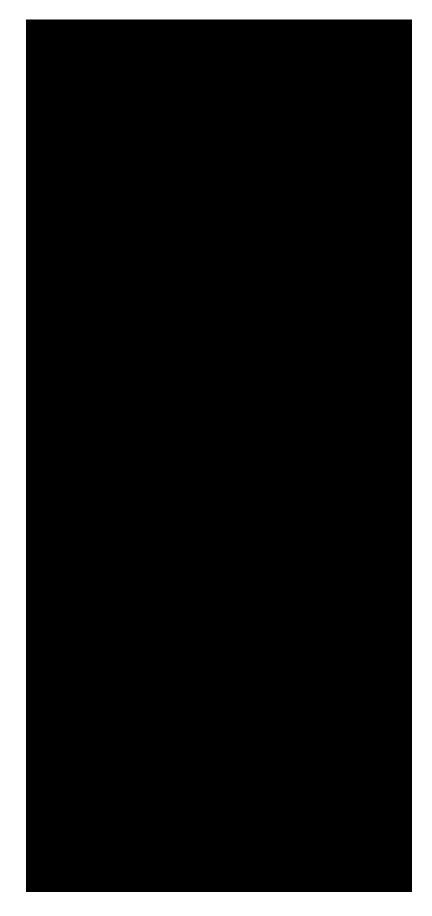


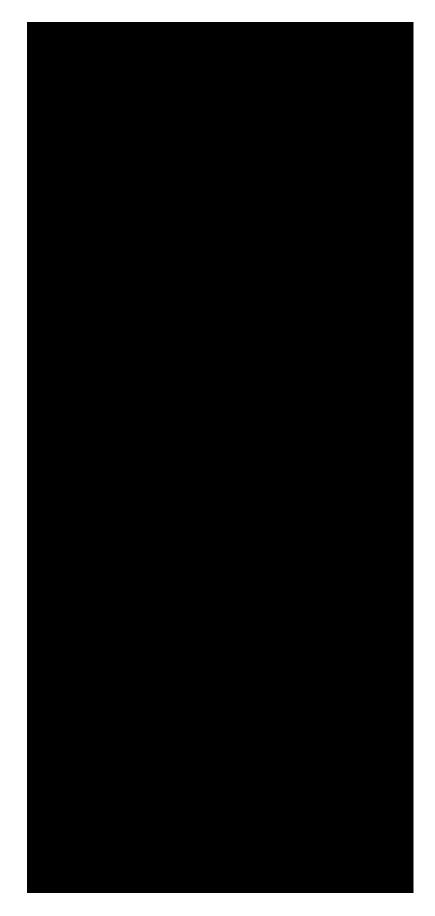


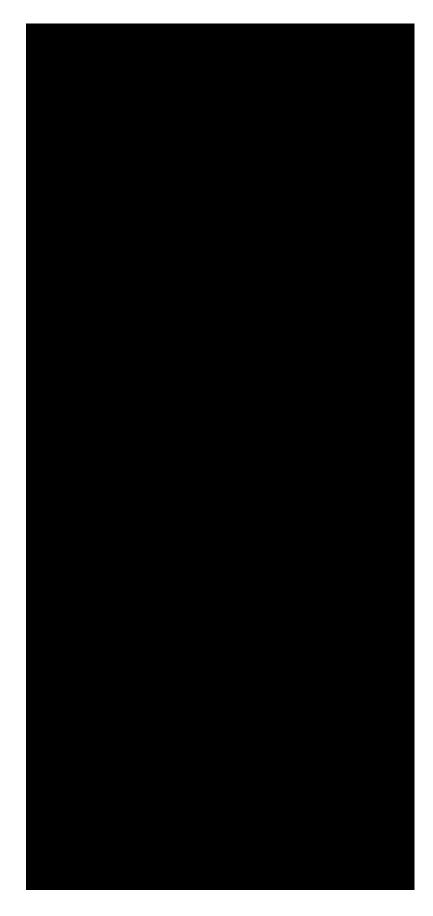




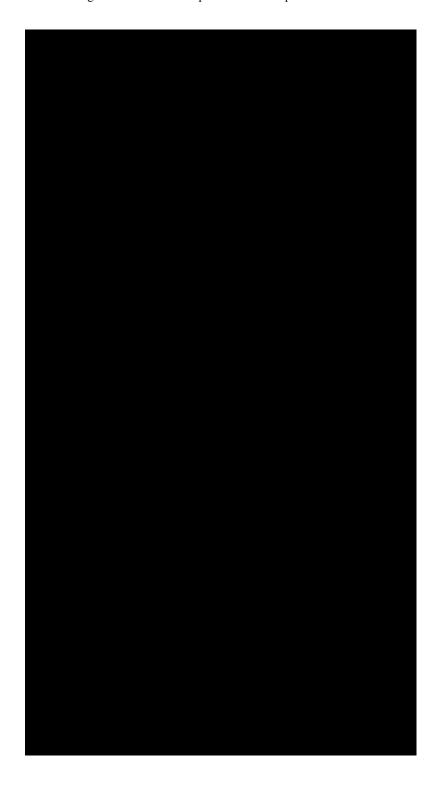


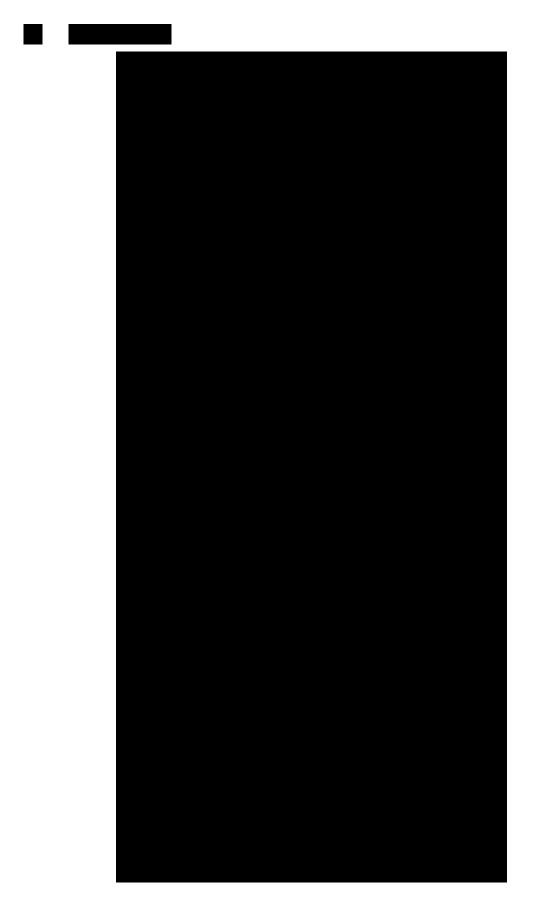


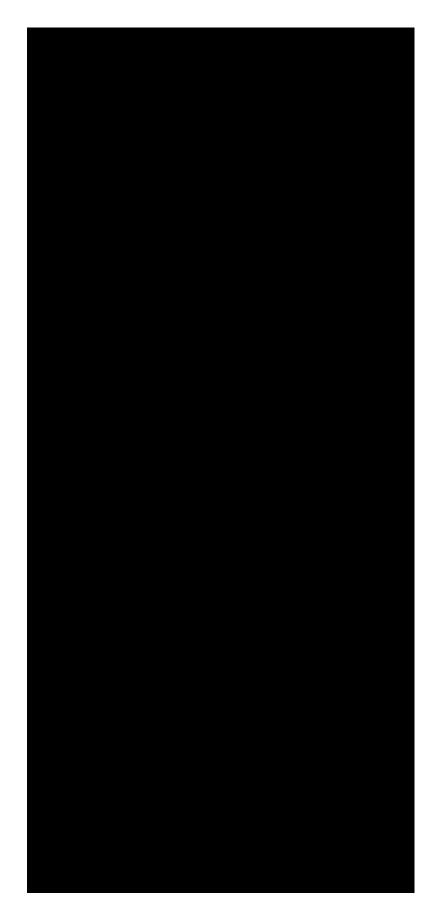


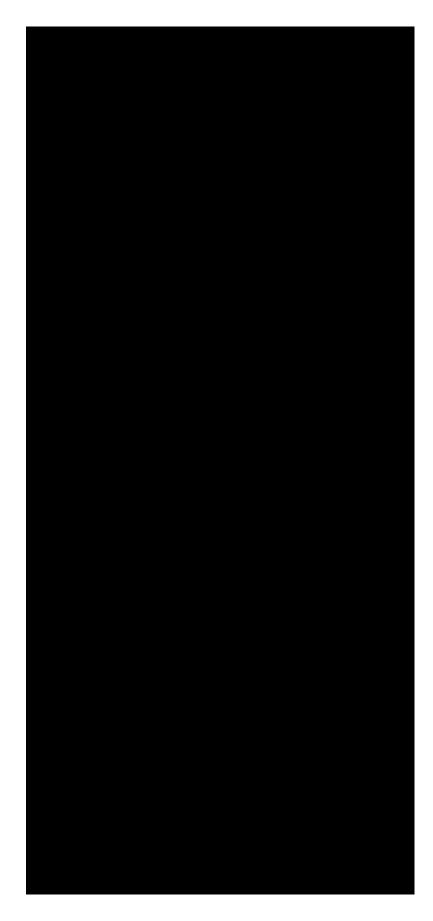


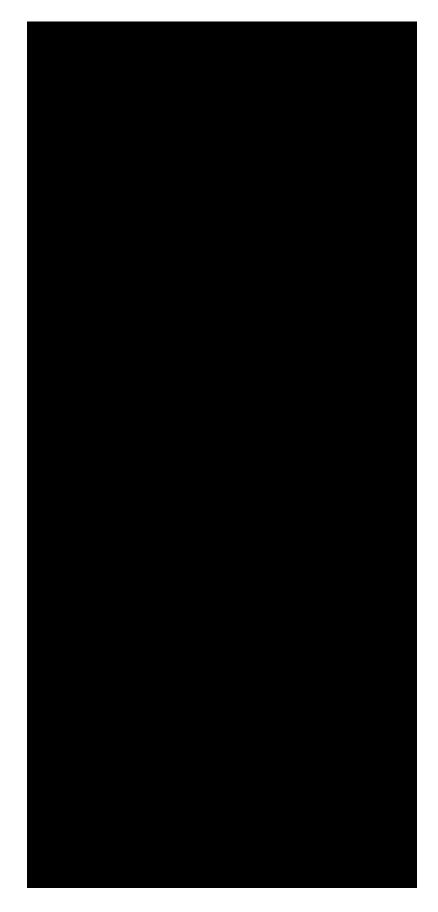




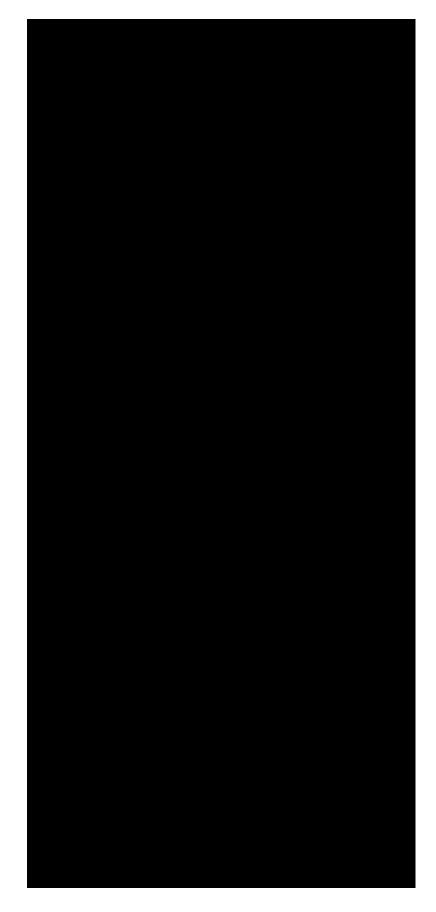


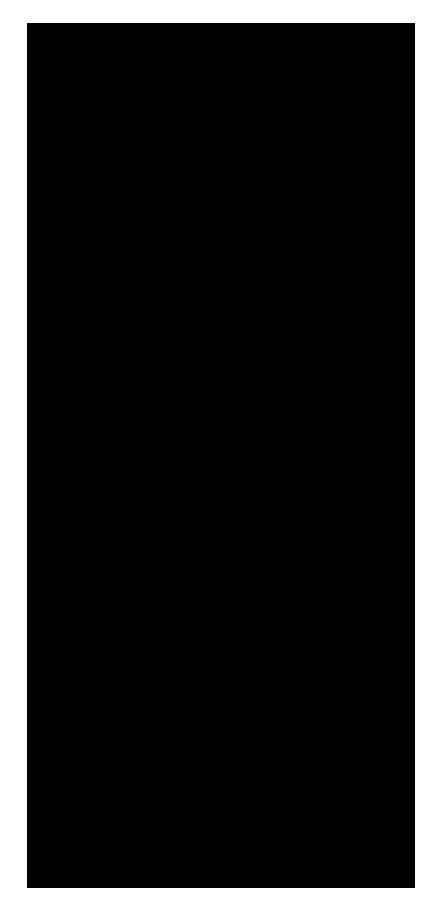


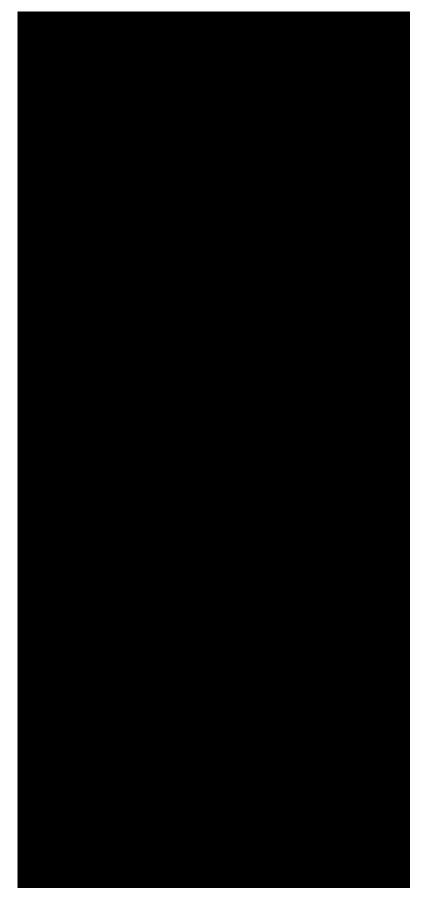


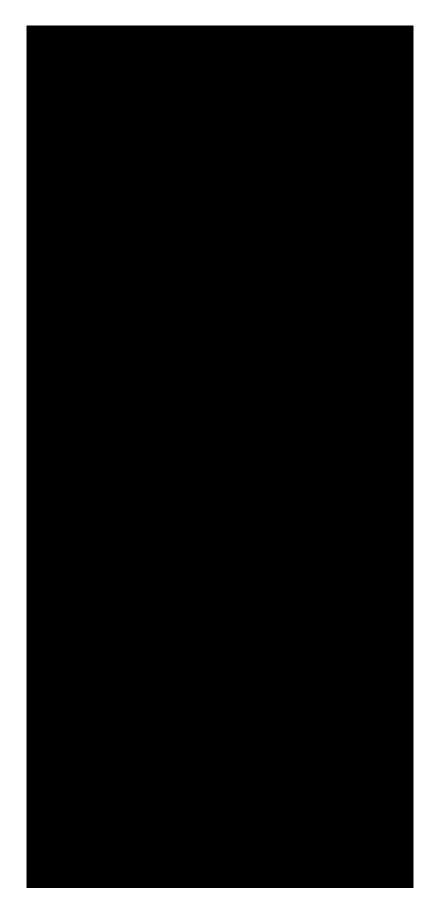


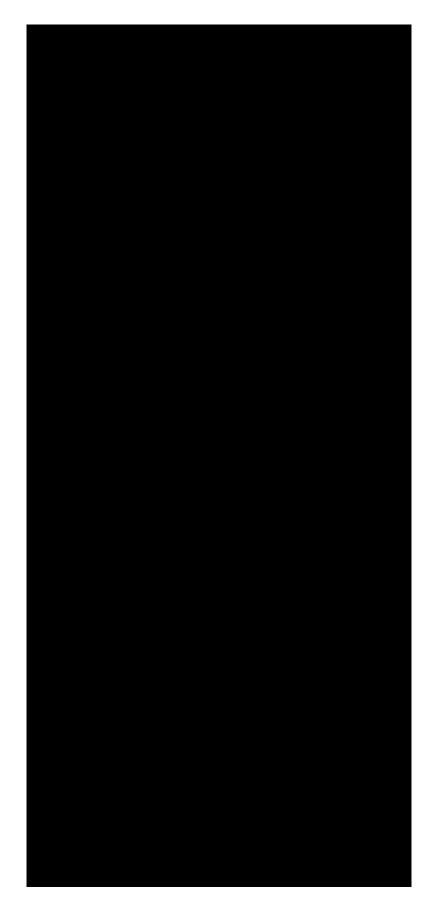


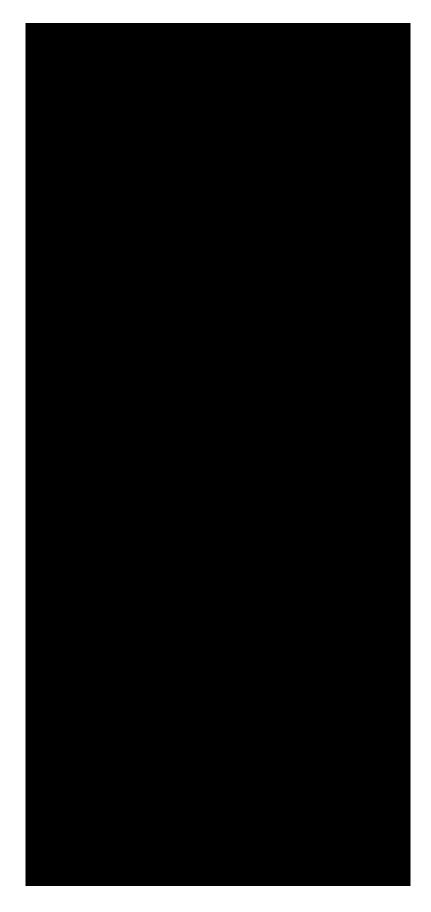


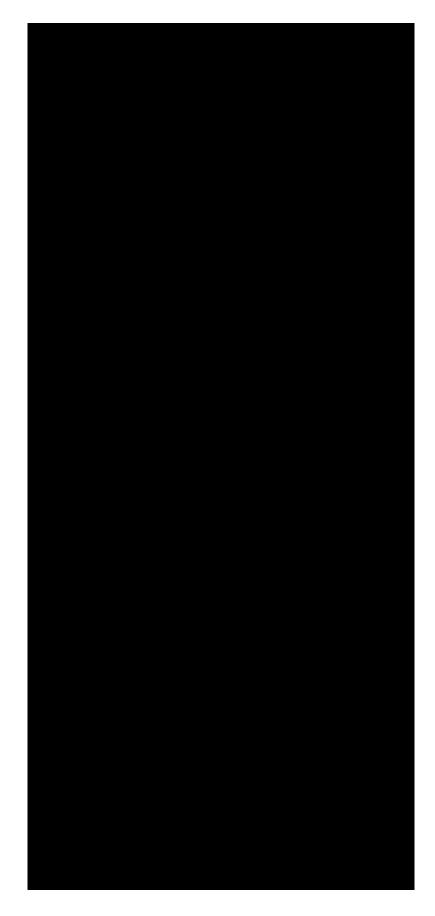


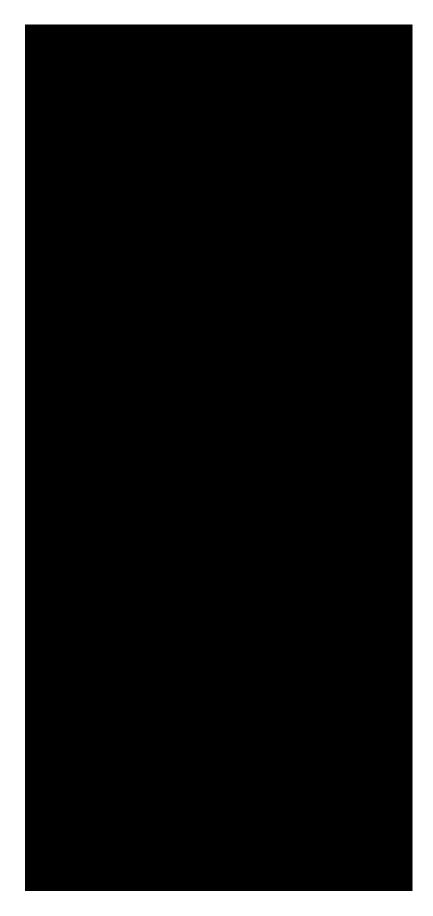


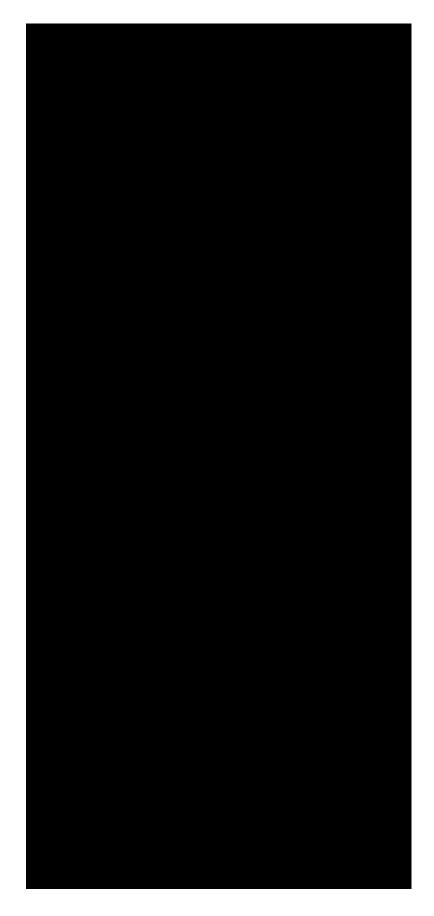


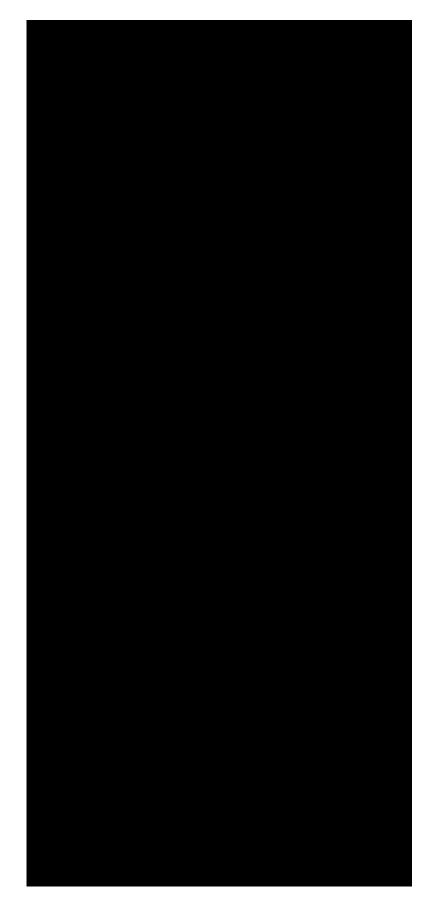












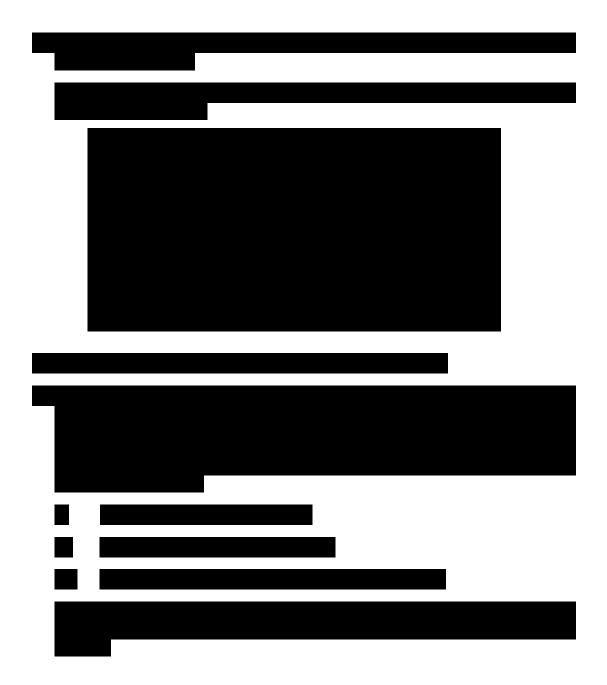
Interconnect Remuneration Agreement USPS and Specified Postal Operators II



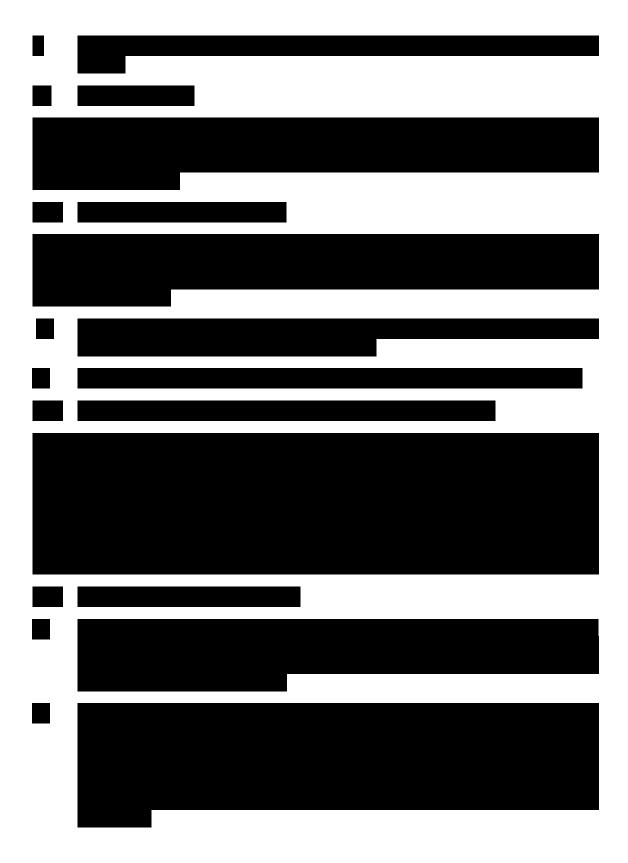
Annex 4: Customs Clearance and Specific Condition for Imports into the U.S.

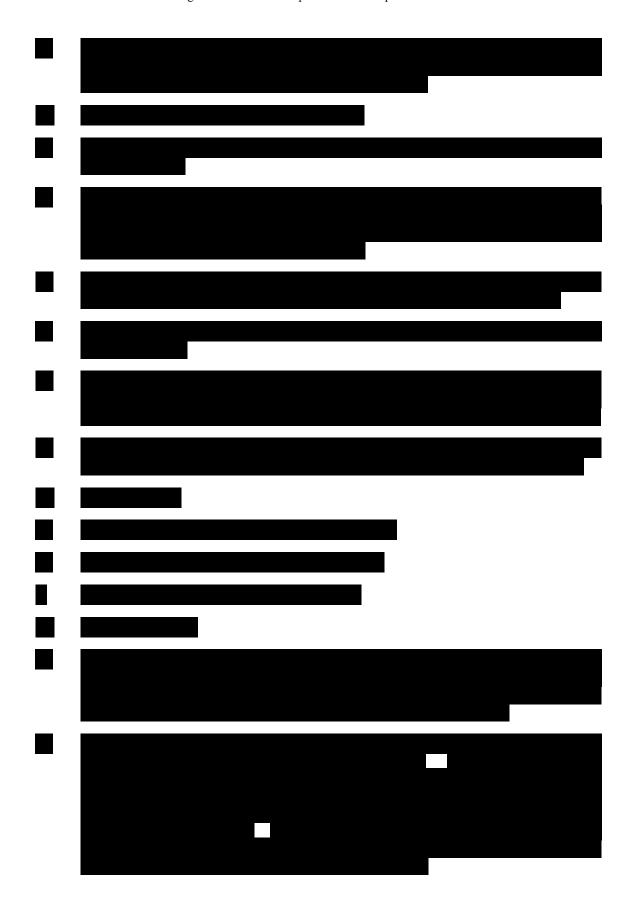
1.	Customs Duties and Fees
2.	Electronic Advance Data
3.	Importers to the United States

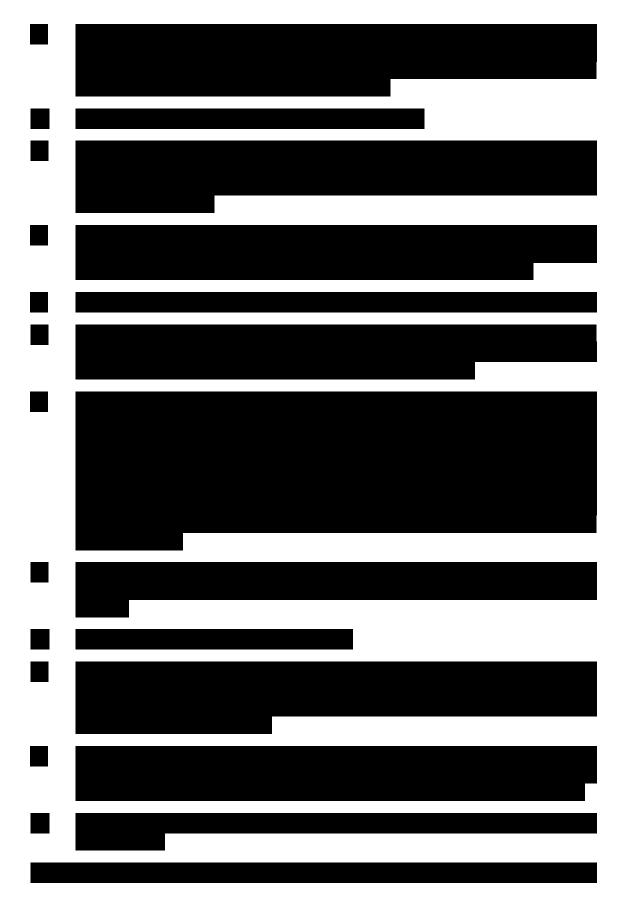
Annex 5: Limitation of Liability

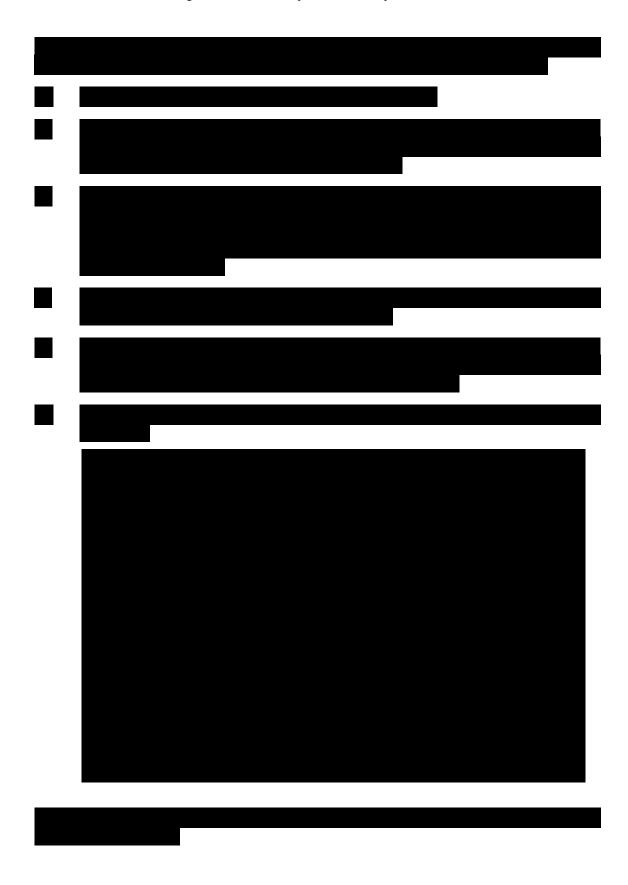


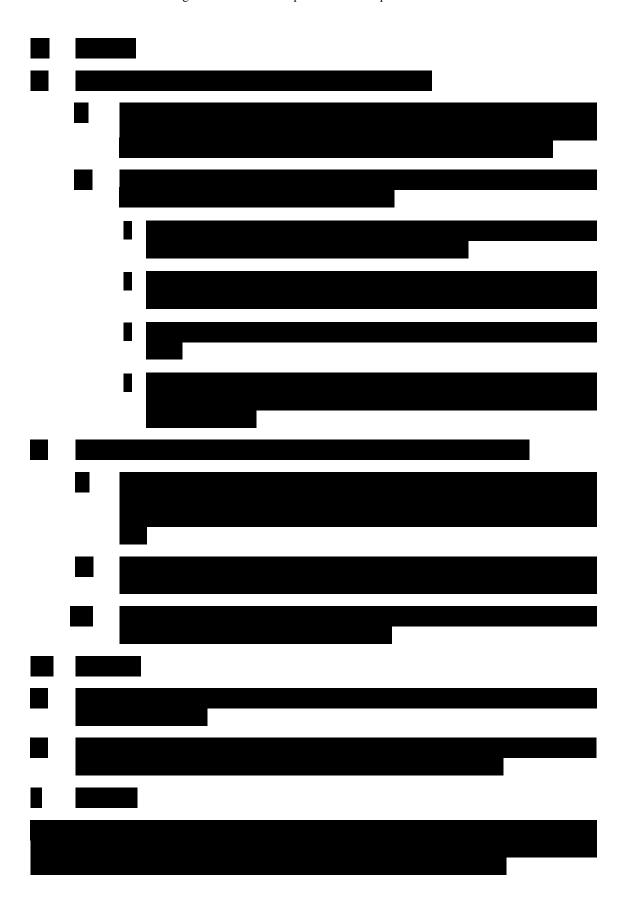
Annex 6: Settlement and Accounting







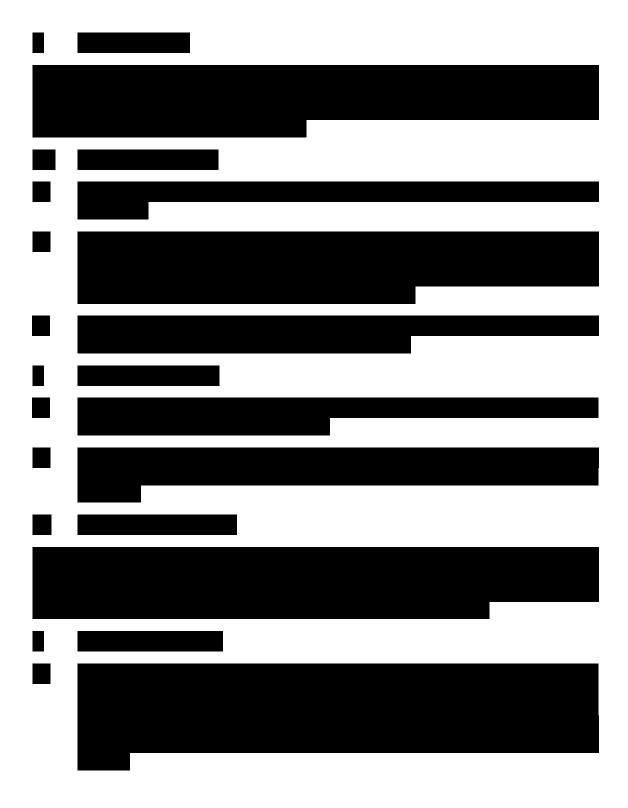


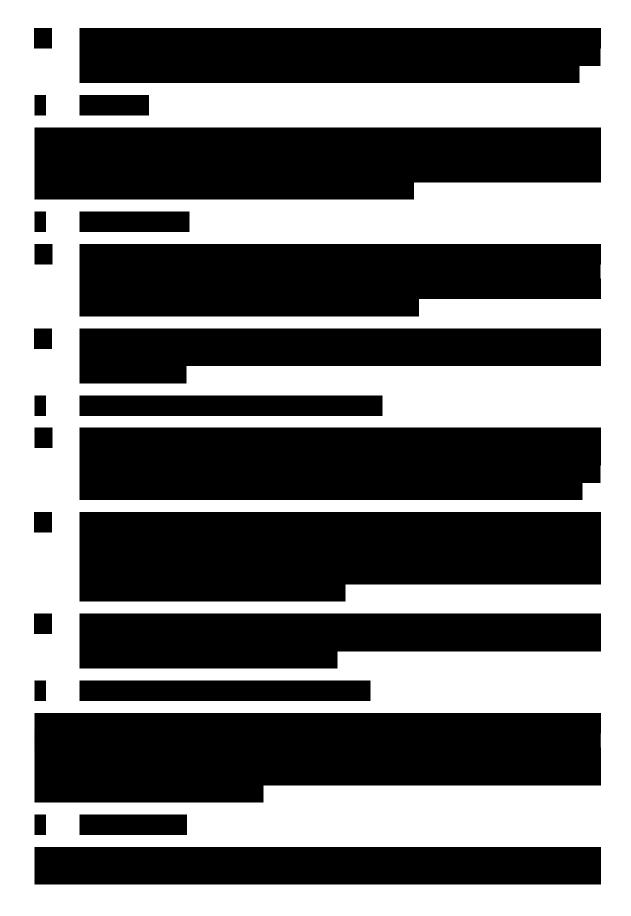


Interconnect Remuneration Agreement USPS and Specified Postal Operators II

Annex 7:			onnect Remuneration Agreement USPS tors II (IRA-USPS II)
THE "ACCEI	DING PARTY"		
	ssion to the Interconnect Ren IRA-USPS II) effective from	nunerat	tion Agreement USPS and Specified Postal
DATE			
_	g Party is already a party to ramework Agreement.	or is	at the same time joining the Interconnect
	Party undertakes to respect a SPS and Specified Postal Ope		provisions of the Interconnect Remuneration II (IRA-USPS II).
By signing this Party.	s document, the undersigned a	ttests to	o his/her authority to represent the Acceding
Signed at		On	
			Signature

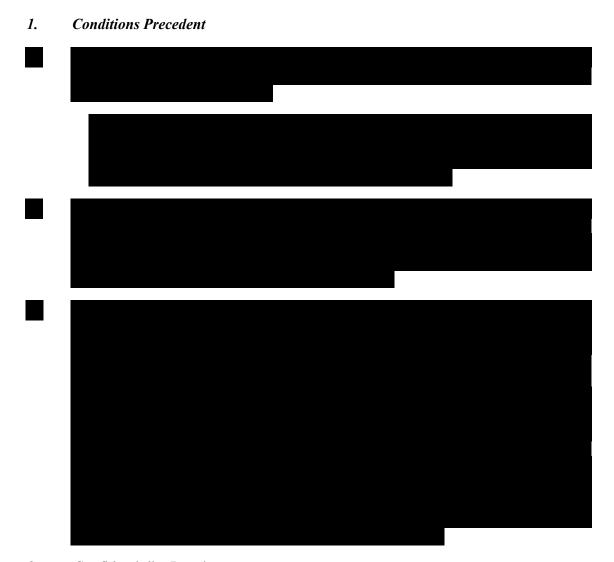
Annex 8: Steering Committee Procedures





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Annex 9: Conditions Precedent and Confidentiality



2. Confidentiality Requirements

(1) The Parties are under the obligation of Article 13 of this Agreement and consider in particular the rate information included in this Agreement to be commercially sensitive and not to be disclosed to third parties except as required by law. The Parties will treat as confidential and not disclose to third parties any information related to this Agreement that is treated as non-public information by the Commission, including, but not limited to, rate information except as otherwise required by law or necessary for governmental oversight purposes or absent express written consent by the (i) Parties for any information related to this Agreement other than the information in Appendix 1 to Annex 2, or (ii) Parties to the Link in question for any information related to Appendix 1 to Annex 2.

(2) The Other Parties acknowledge that, as part of securing approval of this Agreement and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Commission in a docketed proceeding, which filings may be accompanied with a notice to add the Agreement to the Commission's competitive or market dominant or both products lists. The Other Parties authorize USPS to determine the scope of information that must be made publicly available under the Commission's rules. The Other Parties further understand that any unredacted portion of this Agreement or supporting documentation may be posted on the Commission's public website, prc.gov. In addition, USPS may be required to file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report ("ACR") for USPS fiscal year(s) in which the Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR202#, in which ACR202# signifies USPS fiscal year to which the ACR pertains. The Other Parties have the right, in accordance with the Commission's rules, to address their confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for nonpublic treatment of materials believed to be protected from disclosure is found at Title 39, U.S. Code of Federal Regulations, Part 3011, including Sections 3011.201 and 3011.204. The procedure is also available on the Commission's website. At any of the Other Parties' request, USPS will notify that Other Party of the docket number of the Commission proceeding to establish the rates in this instrument under U.S. law, once that docket number has been assigned. The Parties understand that USPS may also be required to provide copies of this Agreement, and information related to this Agreement, to the U.S. Department of State, U.S. Customs and Border Protection, and other U.S. Government entities.

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)

February 7, 2019

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal

Regulatory Com	mission.			

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover at least 100 percent of the attributable costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegee(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

ORDER

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:

Robert M. Duncan

Chairman, Board of Governors

Attachment A

Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, "competitive instruments"). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equival instruments (collectively, each "product") will be	ent
The cost coverage for a product equals	
The cost coverage for a product equals	

Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Priority Mail Express, Parcel Return Service, Parcel Select, First-Class Package Service, First Class Package International Service, Commercial ePacket Service, Priority Mail International, Priority Mail Express International, International Priority Airmail, International Surface Air Lift, Inbound Parcel Post, Inbound Direct Entry, and Inbound EMS services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service's network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

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established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C. §3633(a)(3), which, as implemented by 39 C.F.R.§ 3015.7(c), requires competitive products to contribute a minimum percentage to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise from 39 U.S.C. §3633(a)(1).

- 3 -

The Postal Service shall submit a semi-annual report to the Governors. The report shall include information on the cost coverage for each agreement or initiative that has been executed under the authority of Governors' Decision 19-1. Agreements classified as non-published rates or rate ranges may be reported as a collective grouping; all other agreements or initiatives are to be reported separately. The report shall also include cost coverage information on any agreements and nonpublished initiatives established under previous numbered Governors' Decisions and Resolutions.

UNITED STATES POSTAL SERVICE OFFICE OF THE BOARD OF GOVERNORS

CERTIFICATION OF GOVERNORS' VOTE ON GOVERNORS' DECISION NO. 19-1

Consistent with 39 USC 3632(a), I hereby certify that the following Governors voted in favor of Governors' Decision No. 19-1:

Robert M. Duncan David C. Williams

Michael J. Elston

Secretary of the Board of Governors (A)

Date

7 February 2019

Certification of Prices for Inbound Competitive Multi-Service Agreement with Foreign Postal Operators

I, Karen Meehan, Manager, Director, International Pricing and Financial Reporting, Finance Department, United States Postal Service, am familiar with the inbound competitive prices for the "Interconnect Remuneration Agreement USPS and Specified Postal Operators II" (referred to as the "IRA-USPS II Agreement"), executed in 2021. The prices contained in the IRA-USPS II Agreement were established in accordance with the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1), issued on February 7, 2019.

I hereby certify that the cost coverage for the IRA-USPS II Agreement has been appropriately determined and represents the best available information. The rates are in compliance with 39 U.S.C. § 3633(a)(1), (2), and (3). The rates demonstrate that the IRA-USPS II Agreement should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from the IRA-USPS II Agreement should be much smaller. The IRA-USPS II Agreement should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Karen	Digitally signed by Karen Meehan
Meehan	Date: 2021.12.06 16:37:49 -05'00'
Karen Meehan	
Date	